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22 July 1982

LATIN AMERICA REPORT

No. 2542

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INDIANS BEGINNING TO USE ENERGY FROM BIODIGESTERS

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Jun 82 p 14

[Text] This week the National Indian Foundation (FUNAI) began installing biodigesters at Indian stations to be used in operating farm equipment and meeting energy needs of community facilities such as schools, warehouses, hospitals and headquarters buildings. It also intends to produce fertilizer for their crops, thus avoiding the high cost of inputs for agricultural development.

The first Indian areas benefited were Bakairi (Mato Grosso), Fazenda Nalique (Mato Grosso do Sul), Vista Alegre (Roraima) and the Tabatinga field station of the Rondon Project, which received M3 biodigesters, with a capacity for producing 35 cubic meters of gas daily.

Excluding Bakairi Indian Station, which has a 4.5 horsepower motor to generate electric power, about 470,000 cruzeiros were spent during the 1981-82 crop year for fertilizer. According to FUNAI specialists, this indicated that there was also a fuel saving in operating agroindustrial machinery to process the rice and corn produced by the Bakairi Indians on their 100 hectares of cropland.

At the Vista Alegre Indian Station, where the Macuxi and Wapixana Indians live, during the last crop year over 1 million cruzeiros were spent to buy fertilizer for growing 160 hectares of crops and planting 1,500 fruit-tree seedlings. Furthermore, with the recent acquisition of farm equipment and construction of a school, hospital and storage shed, there will be even greater savings from installing the biodigesters.

Similar improvements will be made in Fazendas Nalique and the Tabatinga field station (Benjamin Constant). According to FUNAI President Paulo Moreira Leal, the intention is to install biodigesters in most Indian areas, due to the low cost, even in communities that can receive electric light furnished by state systems.

8834

CSO: 3001/182

ELETROBRAS SEES ELECTRICITY DEMAND UP 6 PERCENT BY YEAR'S END

Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jun 82 p 21

[Text] Gen Jose Costa Cavalcanti, president of ELETROBRAS [Brazilian Electric Power Companies, Inc] and director general of Itaipu Binational, said yesterday that the nation's consumption of electric power has already exceeded last year's 3.2 percent growth over 1980. According to him, "May's consumption was 4 percent greater than the same month of 1981, a rate that is already rising to 5 percent and should reach 6 percent by the end of this year." He made the statement during the luncheon meeting held by the ADVB (Sales Managers Association of Brazil) and attended by about 350 businessmen.

According to Costa Cavalcanti, adoption of differentiated rates for industrial consumers involved sales of 80 megawatts of electric power from the beginning of this year until now, an amount that may reach 300 megawatts by the end of the year, "as an increasing number of firms are approaching power companies to sign electricity supply contracts for use in generating heat (electrothermics)."

The ELETROBRAS president said the Brazilian Government would like to furnish electric power to Argentina, receiving petroleum derivatives in return. According to him, there is domestic power available and a willingness by Brazil to sell it, to a degree that in 1979 the nation submitted to Argentina a proposal for furnishing 100 megawatts of energy generated in the South and distributed through stations in Uruguaiana, Bage and Livramento. All that is needed to consummate the exchange is for Argentina to specify its interest in buying our electricity. Cavalcanti said that due to contractual clauses signed with Paraguay sale of energy to Argentina cannot be made by FURNAS [Furnas Power Companies, Inc] directly. But he did not rule out the possibility of sales by CEEE (Rio Grande do Sul State Electric Power Company) or COPEL (Parana State Electric Power Company), which get their power from ELETROSUL [Southern Electric Power Plants]. Curiously, due to the same contract clauses, ELETROSUL must buy 12 percent of the power generated by Brazilian turbines at Itaipu, with the first unit scheduled to be operating in the first half of next year. Meanwhile, COPEL itself is selling electricity to ANDE [National Electric Power Administration] (Paraguay state electricity enterprise), with generation of the system under ELETROSUL's responsibility.

Within the specific subject matter of his talk--"Itaipu in the Context of Plan 2000"--he reiterated the government's plans to give priority to developing the nation's water resources, "phasing in nuclear power at the same time, in proportion

to exhaustion of Brazilian water reserves in the early years of the next century." In referring to the nation's first thermonuclear plant, Angra 1, Cavalcanti said it is "going through the testing phase" due to deficiencies in the U.S. firm's project, not to any fault of FURNAS, which is responsible for the plant's operation. He acknowledged that the cost of generating hydroelectric power at Itaipu is quite low--\$.025 to \$.03 per kilowatt hour--compared with that of the nuclear plants. Costa Cavalcanti did not mention the cost of generating nuclear energy, but it is known that for Angra 1 it is over \$.11.

The ELETROBRAS president announced that, of the eight nuclear power plants covered by the ambitious Brazil-FRG nuclear program, two will be in Rio de Janeiro State (Angra 2 and 3), four in Sao Paulo State (of which he says he knows the location of two units, both in Peruibe) and the other two, whose construction was originally intended for the Rio-Sao Paulo axis, "with possibilities of being installed in the Northeast to supply the power needed by the uranium-mining complex at Itataia, Ceara." He did not stress this point very strongly, as he immediately went on to say that Itataia may receive power generated by the hydroelectric plants to be built in the Amazon region.

8834

CSO: 3001/182

CALS ASSURES OIL PRODUCTION OF 500,000 BARRELS PER DAY IN 1985

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jun 82 p 26

[Text] Brasilia--Domestic petroleum production should go from the current 280,000 barrels daily to 500,000 barrels daily in 1985, a year when consumption of petroleum derivatives and their substitutes, such as alcohol and coal, will be about 1,500,000 equivalent barrels of petroleum daily. These data are to be in a speech that Mines and Energy Minister Cesar Cals will make next Wednesday in Caracas at the Third Latin-American Petroleum Show.

Cals will point out that, of the 1,500,000 total equivalent barrels of petroleum to be consumed daily in Brazil in 1985, only 500,000 will be imported, while the other 500,000 [as published; 1,000,000?] barrels will come from other domestic energy sources. Hence, according to the mines and energy minister, there will be a 51-percentage-point drop in petroleum imports compared with 1979. This is because the share of imported petroleum in national consumption, which was 84.3 percent in 1979, will decline to 33.3 percent in 1985.

These data, according to the mines and energy minister, represent a reversal of the 1976-78 trend, when national consumption of petroleum derivatives increased 6.2 percent and production of domestic petroleum fell 2.3 percent. If the rates of the 1975-78 period were to continue throughout the 1979-85 period, according to Cals, in 1985 Brazilian petroleum consumption would be about 1,608,000 barrels daily, of which only 141,000 barrels--representing 8.8 percent--would be supplied by domestic production.

Investments

Cals attributes increased domestic petroleum output to investments made by Petrobras from 1968 on. From 1968 to 1981, according to him, Petrobras drilled 609 exploratory offshore wells and for the 1982-85 period the company plans to drill almost the same number of wells. In the 1968-81 period, Petrobras invested \$7,166,000,000 in petroleum prospecting and exploration.

The mines and energy minister will also assert that reduction of Brazil's dependency on imported oil is due not only to the nation's increased production but also to the alternative-energy program. He will also show that about 31 percent of primary energy currently used in Brazil is from hydroelectricity, 2 percent from alcohol and 1 percent from natural gas and other sources.

Cals will also say that Brazil has technology for petroleum exploration and prospecting, an example of which is BRASPETRO [Petrobras International, Inc], which has acquired experience and prestige in international oil circles as a result of its exploration activities in 15 countries.

BRIEFS

PETROLEUM PRODUCTS CONSUMPTION DECLINING--Porto Alegre--Consumption of petroleum derivatives in the nation fell from 1,200,000 barrels daily to 1,070,000 barrels daily in the last 2 years, due not only to more rational use of oil products but also to substitution by alternative sources, Petrobras President Shigeaki Ueki reported yesterday. As Brazil's goal is an output of 300,000 barrels daily by the end of this year (current production is 280,000 barrels daily), imports will remain limited to 750,000 barrels daily, as the forecast is that by then domestic consumption will be somewhat less and there may also be a surplus for exporting refined products. This year the average exports of petroleum derivatives is 100,000 barrels daily, at higher prices than those paid for the raw material, Shigeaki stressed. The Petrobras president was in Porto Alegre yesterday to participate in launching the riverboat "Pampeamo," built in the So Shipyard and christened by his wife, Lucia Ueki. Shigeaki Ueki believes that consumption of petroleum derivatives can be reduced even further in the next few years as a result of the PROALCOOL [National Alcohol Program]. He recalled that in 1975, when the program was launched, alcohol production was the equivalent of 12,000 barrels daily and it is already 90,000 barrels daily. For the next 3 years the goal is a production of 200,000 barrels of alcohol daily. [Text] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 19 Jun 82 p 18] 8834

CSO: 3001/182

BRIEFS

BIOGAS PLANTS—Camaguey—In honor of the 29th anniversary of the attack on the Moncada Barracks, about 50 biogas plants for the production of fuel derived from cow dung will be built in this province. At the present time two dairies are being provided with lighting with this system, whose mass application will enable the country to save a considerable number of gallons of oil. For the present this equipment is located in dairies, although its extension in the future to other centers of production and small communities has not been ruled out. It is estimated that with 1 cubic meter of biogas three meals for a family of from five to six persons can be prepared, or a 60-to-100-watt light bulb can burn for 6 hours, or a 1-HP motor can be run for 2 hours generating 1.15 kWh of electricity, or a 4-ton truck can be driven 28 km. An experimental coil that will serve to cool the water in which milk cans are kept is being built here. [Text] [Article by Esteban Ramirez Alonso] [Havana JUVENTUD REBELDE in Spanish 6 May 82 p 1] 11466

CSO: 3010/1730

DR BOSCH COMMENTS ON GUZMAN'S DEATH

FL081500 Havana Domestic Television Service in Spanish 1157 GMT 8 Jul 82

[Interview with former Dominican President Juan Bosch on "Revista de La Manana" program by Miguel Toirac of the editorial staff--live in studio]

[Excerpt] [Question] We would like to know, what are your impressions of the current situation in the Dominican Republic?

[Answer] Well, President Guzman committed suicide. There is no doubt about that, regardless of what the news agencies and perhaps the Dominican newspapers, I don't know, might insist on [reporting], to create the impression that it was an accident. There was no accident possible because President Guzman entered the bathroom next to the presidential office, bolted the door and then a shot was heard. The door could not be opened and had to be forced open. They found him shot in the face, took him to the military hospital and he died at 0500.

It is not possible for anyone to enter a bathroom, throw the bolt and play with a pistol carried around the waist and while playing, the gun should go off and shoot the person in the face--a shot that also went through the top of the cranium--therefore, it was suicide.

Regarding the political situation, well, our country's very backward politically because it is very backward socially and economically. And naturally, it would be best if the situation could be restored to normal within that thing which U.S. propagandists call representative democracy. But for example, the person presently occupying the presidency as constitutional heir of President Guzman, is a man known to be very corrupt. He is a man who has used public funds in a scandalous manner and yet, there he is, president of the republic. And so, if that is democracy, then condemn democracy.

CSO: 3010/1899

BEAGLE ISSUE CLOSELY RELATED TO FALKLANDS

Buenos Aires A FONDO in Spanish Jun 82 pp 63-64

[Commentary by J. A. Sarmiento Meniere: "Behind a Smokescreen"]⁷

[Text] ". . . the quadrilateral formed by: Chile--with Punta Arenas, the Beagle and the Antarctic; Great Britain with the Falkland Islands; South Africa and Brazil, constitutes the basis for defense of the South Atlantic. . . ." This statement was made by R Adm Ghisolfo Araya, assistant chief of staff of the Chilean Navy, at the reception held for R Adm Mathinius Albertus Bekker of South Africa at the home of Adm Toribio Merino Castro on 19 May 1981.

Corroborating that view, R Adm German Guesalaga, chief of the Sea Squadron, justified, a few days ago (24 May), the concentration of that naval force in the Punta Arenas area with ". . . the extraordinary geopolitical and geostrategic importance the Magellan and Drake Passage region has for Chile. . . ."

We should add that last October Foreign Minister Rojas Galdames publicly stated, ". . . the Malvinas issue is not immaterial to Chilean foreign policy, for our direct and indirect interests are at stake. . . ." Moreover, his assistant minister, Col Ernesto Videla, said on 4 March of this year that ". . . Argentine ships have no right to use the Beagle Channel or waters south of it, for they legally belong to Chile. . . ."

The views expressed constitute a clear example of the political outlook of Chilean strategists, who, still clinging to the British decision, consider themselves the owners of the three southern interoceanic keys, excluding the Argentine Republic from control of them.

We should not forget that the Atlantic and Pacific Oceans have five routes for maritime communication, four natural ones and an artificial one:

- The waters of the Canadian Arctic and the Bering Strait;
- The Panama Canal;
- The Strait of Magellan;
- The Beagle Channel;
- The Drake Passage.

The first-named are practically impassable because of ice, and the second is very vulnerable, with a limited capacity; major measures furnishing protection for the groups of ships waiting for their turn to cross have to be taken. As a result,

the southern passages are more suitable, particularly the Drake Passage, because of its width. Control of it is feasible from the coast of Patagonia, from the Malvinas, from the Tierra del Fuego archipelago and the Antarctic Peninsula. This fact strategically enhances the value of control of the region, and there we have one of Britain's reasons for regaining possession of our islands.

Chile's stance regarding the Malvinas conflict is consistent with its now traditional anti-Argentine policy; and its vaunted "guarding our back" has been given the lie by events, among which we can note:

--Its abstention in the voting on the two resolutions (favorable to Argentina) of the 20th Meeting of the Inter-American Reciprocal Assistance Treaty Consultation Body (28 April and 28 May).

--Its opposition within UNESCO and GATT to their issuing statements of support for our country that had been called for by the "nonaligned group."

--Upon receipt of the destroyer "Norfolk," rechristened "Capitan Prat," from the British Navy (Talcahuano, 9 April), its naval officials commented on the friendship between Chile and Great Britain.

--The transfer of the oil tanker "Tidepool" (which it had also obtained from Great Britain) for use in the task force attacking the Malvinas.

--The observation activity by its naval units--the "Piloto Pardo" instance--in Argentine waters near the theater of operations.

--The assumed support of British commandos who were to carry out acts of sabotage and/or espionage in Patagonia (We recall the strange episode of the Sea King helicopter found a few kilometers from Punta Arenas).

--The interference with our radio transmissions by Chilean "hams," who, moreover, engaged in baiting their Argentine contacts.

--The open campaign of aggression by Chilean mass media, which had even led to a protest by the Private Radio Stations Association of Argentina (ARPA).

Meanwhile, in Rome, with impetus from the personal exhortation of the Sovereign Pontiff (23 April), negotiations concerning the Beagle are moving along rapidly. Unofficial sources indicate that recently notable progress has been made on the draft of the "Treaty of Friendship and Everlasting Peace" referred to in item 2-b of the Mediator's Proposal of 12 December 1980. Regarding this, we should point out--as we have in previous commentaries--that according to newspaper reports (never officially denied), said proposal fully accepts the Chilean point of view, rejecting the Argentine position even more thoroughly than the British arbitration decision declared void by General Videla's government (25 Jan 1978).

This situation, which would directly affect our national wealth, is sufficiently serious that every Argentine--/despite the natural, high-priority center of attention the Malvinas war is/ [in italics]--should be fully aware of what is also at stake there. If the armed action in the Malvinas archipelago were unintentionally

transformed into a "smokescreen" over the Beagle issue, it could happen that in the not-too-distant future control over the islands and the surrounding sea was given to the Chileans. Among other things, that would produce the following consequences:

--The transformation of Chile into an "Atlantic power," with all the accompanying attributes (political, economic and strategic).

--The interruption of our geographic continuity with Antarctica, which is one of the bases of our right to the sector that we claim.

--The furnishing of arguments supporting further Chilean claims in the region, primarily in the islands of the so-called "arc of the Antilles of the South."

--The already mentioned possession by our neighbors of the three "keys" to the South Atlantic.

--Before concluding, it seems appropriate to make it clear that what has been said does not suggest, under these circumstances, the opening of a new front. Rather, it indicates the need to remain alert and be aware of a substantial issue that is closely linked to that of the Malvinas with respect to maintenance or loss of control over the waters of the South Atlantic, which is the natural, inalienable sphere of our maritime activity.

It is extremely unfortunate that during this period Chile has thrown away an opportunity that is unlikely to arise again: to set its relations with Argentina moving on the right road once and for all. There could be an arrangement that would allow the wished-for physical integration--unity in diversity--that would provide both countries with access to both oceans, eliminating the need to pass through "roadblocks" unworthy of brother countries. It would have been enough to offer unstinting, open support in this situation that sets all of Latin America against the colonialist invader. We could then have built on that foundation a genuine, solid friendship that would have facilitated prompt resolution of existing border disputes. /It didn't do it. God and history will surely ask why/ [in italics].

9085

CSO: 3010/1790

PAPER UNDERLINES LATIN AMERICA'S ROLE IN U.S. STRATEGY

Bahia Blanca LA NUEVA PROVINCIA in Spanish 19 Jun 82 p 2

[Text] The detached way in which the United States turned its back on Latin America--a continent that is much more loyal and necessary than its strategists can imagine--is not, as some surprised people believe, an isolated or unexpected act on that country's part. On the contrary, it is a deed that continues and enriches a U.S. tradition merely obscured by reporters' and observers' poor memories.

In reality, the United States has never cared at all about its "brothers" south of the Rio Grande. On the few occasions when it thought of them, it was to protect a specific interest of its investors or to satisfy a temporary strategic, geopolitical, or military need. That is what happened when the attack on Pearl Harbor occurred, clearly endangering the vital Panama Canal (in practice a North American enclave after the British fashion), which insured rapid movement of its naval squadrons, essential to the carrying out of its responsibilities in the Second World War, which President Roosevelt's government was preparing to enter.

Before then--aside from the protection it sought to provide to its businessmen who had decided to invest in Latin America--neither the Navy Department, nor the War Department, nor the State Department took an interest in defending or helping, or, least of all, protecting the region. That was so much the case that until nearly the beginning of the fourth decade of the twentieth century the military strategists in Washington ascribed--at least relative--importance to the Caribbean region, which reached just to the northern coast of Venezuela.

Even after the Second World War began and the United States entered it, that country continued to be indifferent, a position that began to change only because of the military needs arising out of the conflict. That is, owing to the growing, more certain threat produced by Japan's entry into the war and the fall of France to Germany. The former event created the possibility of an attack in the west (the Pacific), and the second, the danger of the taking of some French colonies in Africa, which would enable the Germans (Between Dakar and Natal, in the Brazilian "protuberance," there is a little over 1,500 miles) to attack, if they wished, vulnerable points in the "American lake," as the Caribbean region and adjacent territory were called.

That is why a purely pragmatic doctrine is envisioned, one which, strictly speaking, is the continuation and the military expression of the Monroe Doctrine and of Big Stick or Dollar or Good Neighbor diplomacy, three different names for the same

idea, which passed into history as "defense of the quarter-sphere." A defensive area was created that reached from Alaska to the Galapagos Islands in the Pacific, laterally covering all of Venezuela and Ecuador and nearly all of Colombia, touching Peru and embracing much of northern Brazil, and running from there upward to Terra Nova.

With the war over, the danger from the Axis disappeared, but then danger from the recent ally, the Soviet Union, was perceived. The honeymoon was over. The United States then thought of updating its defense system and there arose, through the Treaty of Rio de Janeiro, 1947--2 years before the NATO agreement--the ridiculously terminated Inter-American Reciprocal Assistance Treaty. It had been thought up by North American strategists to respond to a possible attack by an extracontinental power that need not be named. As we saw in April, the United States is not prepared to allow that mechanism of the inter-American alliance to be invoked or used other than to its own benefit and to confront its own enemies.

When the Soviet Union attacked elsewhere and inserted a wedge in the heart of the Caribbean, in the anchor of the North American defense system closest to its territory. At the height of the Cold War, there arose the doctrine of the counter-center (1960's), whose political and economic exponent was President Kennedy's naive Alliance for Progress, where all the continent's democratic socialists went to drink in a desire to smother guerrilla subversion by changing the social humus that supposedly provided the objective conditions for it. The failure is there to be seen, and the Latin-American countries' formidable foreign debt, which simply keeps growing, constitutes both proof and a symbol of their dependence on the United States.

Latin America--and no one with common sense can deny it--is an element in U.S. military and economic strategy. It is a region that, in its strategic policy, implicitly belongs to it and that it can therefore use with a certain right. Thus, any opposition--such as when Argentina refused to break its neutralism or such as now, when it has decided to defend its southern interests--is considered a "casus belli" and severely punished. The United States scorns and fears anything it cannot use.

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CSO: 3010/1790

'LA PRENSA' PESSIMISTIC ON OUTCOME OF GENEVA TALKS

PY120334 Buenos Aires LA PRENSA in Spanish 6 Jul 82 Section 2, p 1

[Editorial: "The Never-Ending Disarmament"]

[Text] The United States and the Soviet Union just launched new talks on disarmament in Geneva. The talks are specifically targeted at the reduction of strategic weapons or, more concretely, on intercontinental missiles, with a range of thousands of kilometers, that can be launched from land, submarines and even planes. The talks will be lengthy and slow; one could even say never ending. The first stage of the talks, launched on Wednesday, 30 June, will last several months and no one can predict whether any agreement will be reached in the end.

The atmosphere of suspicion and distrust which from the very first enveloped the talks in Geneva, became evident through the remarks of Edward L. Rowny, head of the U.S. delegation. Rowny said that in view of the possibility that the talks could last too long, he has been practicing patience and soothing his nerves by learning 27 different responses to the Russian greeting "kak dela" (how are things?).

Thus, nothing leads us to believe that success will crown this round of talks on the reduction of strategic weapons, just another of the many attempts made over the years. The man on the street no longer pays any attention to these affairs which, although vital, are both beyond his ability to bring about a change in the course of action followed so far. Furthermore, the talks are secret. In addition the highly technical nature of what does leak out--practically a different language all together--can only be understood by experts. At the same time, the awe-inspiring destructive power of the weapons whose reduction or limitation is being discussed goes against common sense.

The skepticism felt toward the current talks is no less than that felt almost 40 years ago in regard to the Vienna negotiations for the reduction of conventional weapons and a balance of troops between the NATO and the Warsaw Pact. The parity in numbers which is being sought seems to be an impossible trick because what is being discussed is not the number of soldiers but the power of the weapons available. Meanwhile, the successive conferences that have been taking place ever since World War II ended, have marked the gradual increases of investments in arms, estimated to reach \$600 billion in 1982.

Regarding the reduction which is being sought in the field of strategic weapons, one does not have to be a specialist or an expert to realize that it is not prompted by a desire for permanent peace. First of all, the current stocks at the nuclear arsenals is enough to kill each and every one of the inhabitants of our planet 10 times over each and also everything leads to the belief that while talks on reduction and limitations are going on, laboratories are feverishly testing weapons to replace those which, being obsolete or inadequate, will promptly join the piles of useless materiel. We have repeatedly said that the more modern weapons cost, the shorter the time they last.

Thus, nothing helps us to see in the Geneva talks the smallest hope for disarmament.

CSO: 3010/1894

SOVIET AMBASSADOR COMMENTS ON FALKLANDS, TRADE

PY072145 Buenos Aires TELAM in Spanish 1845 GMT 7 Jul 82

[Text] Buenos Aires, 7 Jul (TELAM)--Soviet Ambassador to Argentina Sergey Striganov stated today that tension in the South Atlantic has eased but that the problem over the Malvinas has not been solved, and therefore--he stated--"one must seek peaceful channels and possibilities to put an end to the colonial status of the Malvinas."

The ambassador made these remarks at Ezeiza Airport just before leaving for Moscow, where he will spend 1 and 1/2 months on vacation.

Asked about his country's position at the United Nations regarding the Mexican request for the urgent resumption of negotiations between Great Britain and Argentina over the southern islands, Striganov stated that "we have adopted a position for a peaceful solution of the conflict over the Malvinas."

Asked about Soviet purchases in our country, he said that they will continue at the same pace as in previous years. We purchase meat, grain, wool and other traditional and nontraditional Argentine products, and although in the beginning we purchased 15 million liters of wine, it is difficult to say now that the trade balance will again provide a \$3 billion surplus for Argentina.

Regarding the U.S. position to prevent the construction of the East-West European gas pipeline, he termed it very strange because in his judgment all countries want to expand their trade. He added that the U.S. decision is unjust and not in keeping with contemporary practice.

CSO: 3010/1894

JOURNAL DETAILS DETERIORATING ECONOMIC SITUATION

PY102045 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2035 GMT 2 Jul. 82

[Text] Buenos Aires, 2 Jul (NA)--According to a study reported in the June issue of FIDE-COYUNTURA Y DESARROLLO, journal of the Research and Development Foundation (FIDE), the available per capita income has fallen to levels similar to those of 20 years ago. This situation is attributed to the economic deterioration of recent years.

The report indicates that the available income "fell by 28 percent" between 1975 and 1981 and that such a reduction "has been aggravated this year," as a consequence of the "worsening of the lengthy recession cycle" which has been developing in Argentina since before the conflict with Great Britain.

The report then points to the urgent need to tackle current problems "on a priority basis" to be able to build a "solid base for the future democratization."

It also stresses that the sanctions applied by foreign countries in the wake of the South Atlantic conflict "have not had a notable effect," but that measures should be taken to prevent any further repercussions.

The report contends that "if an effort is made to promote exchange, it will be possible to fulfill the current modest commercial goals," thus favoring "future improvement which may help cover the payments on the foreign debt."

The magazine explains that "the economic recession makes the solution of the crisis more difficult," and that the income level has fallen by 28 percent since 1975.

This trend has occurred, the report explains, because together with "productive stagnation, Argentina's balance of trade has been increasingly unfavorable."

The report adds that since 1979 the situation has been still worsened by "increasingly higher payments on the foreign debt and by the increase in the tax burden."

Therefore, the magazine concludes, "according to the official figures for the first quarter of 1982, the per capital gross domestic product is similar to that of 1970, while the level of manufacturing activities is similar to that of 1964."

The study also explains that income shrinkage should be added to "the increased deterioration of the balance of trade--placing Argentina among underdeveloped countries--which has reached the most critical level since 1928."

Other negative factors are also mentioned, such as the increase of external payments owing to the rise in the foreign debt, the hike of interest rates and the factors which encourage buying services abroad.

The report also indicates that the tax burden, which accounted for 26 percent of the gross domestic product, together with the previously mentioned factor, have caused the per capita disposable income to drop "to levels which were common 20 years ago."

In this regard, there is another factor which aggravates the situation and which should also be taken into account: "While the economy was expanding at the beginning of the 1960's, now it is registering negative rates of investment in equipment."

"The obsolescence of some industrial sectors, where entire production lines have been dismantled," should also be added to the picture.

Concerning possible solutions, the study attaches "priority" to the investment process, its central goal being capital formation.

"Foreign investment should also be encouraged for the purpose of complementing domestic savings" through the establishment of a return rate higher than active interest rates.

Enterprises' liabilities should also be restructured through "a broad moratorium" and through the establishment of "negative real rates of amortization which should also apply to newly made investments."

According to the report, "an actual salary increase" will also have "reactivating effects," although "preferential credits" should be established for financing such increases thus softening the inflationary impact.

The magazine also remarks that two other aspects to be kept in mind are the maintenance of a "stable" exchange rate compatible with the need for correcting "the sharp deterioration of the balance of payments as well as future negotiations regarding the foreign debt."

CSO: 3010/1894

POLITICIANS REACT TO NEW ECONOMIC MEASURES

PY071755 Buenos Aires HERALD in English 7 Jul 82 p 11

[Exceprts] (DYN)--Economists yesterday voiced conflicting opinions on Economy Minister Jose Maria Dagnino Pastore's speech on Monday night.

Those politically linked to the multiparty grouping generally thought Dagnino Pastore's ideas pointed the right way but may turn out to be insufficient.

Liberal economists, on the other hand, disagreed with what they said was a marked inflationary content in the minister's measures.

Emilio Mondelli, economy minister during the last Peronist government, said that Dagnino Pastore's description of the situation "is accurate and the measures he suggests are the only ones that can be taken now, leaving aside any discussion of technical topics."

Mondelli said that by placing demands on prices as a condition for interest rate benefits, the minister had designed "an entirely new policy."

But the head of the National Republican Encounter, Alberto Benegas Lynch, said that a situation stemming from "years of dirigismo" [state direction of the economy] is now being corrected with "even more dirigista measures, like controlling prices.

"Instead of removing the fundamental causes which took interest rates to their current high levels, the Central Bank will now set those figures and sacrifice millions of depositors to favour a few privileged people who, in many cases, are dragging behind them problems due solely to the mismanagement of their businesses," Benegas Lynch said.

He said the measures taken by Dagnino Pastore to curb inflation are tantamount to "spraying petrol on a fire, since all these steps to expand the economy mean more inflation."

Rogelio Frigerio, vice president of the Movement for Integration and Development (MID), said that "making a stark and sincere diagnosis was a good way to begin the minister's speech and that, in itself, was something positive." But, said Frigerio, the situation is even more serious than what official government figures would make it appear, "since the productive system is practically destroyed--and this demands adequate measures, while Dagnino Pastore only gave general guidelines."

CSO: 3010/1894

CENTRAL BANK ISSUES NEW FINANCIAL MEASURES

PY082342 Buenos Aires CLARIN in Spanish 7 Jul 82 p 5

[Text] Through 10 circulars and an explanatory note, the Central Bank of the Argentine Republic [BCRA] yesterday issued a package of financial measures to complement the measures on foreign exchange made public the day before yesterday.

Circular A-141 sets at 100 percent the cash reserves that banks must maintain on deposits and obligations in pesos for a period of less than 90 days. At the same time the circular determines that no cash reserves will be required on nontransferable time deposits of 90 days or longer.

Circular A-142 establishes norms for nonfinancial state-run enterprises to transact their credit operations which, henceforth, will be channeled through official financial institutions at the national, provincial or municipal level with previous clearance of such operations by the BCRA. Some state-run enterprises are given a 30-day period during which they can seek internal credit either from official or private institutions.

By Circular A-144 a system of credit allocation is imposed on the financial system in conformity with the objectives recently set by the government in order to effect a substantial change in the conditions now prevailing in the country's economic and financial activities. Point I establishes rules for basic loans to be granted to banking organizations on the basis of the statement of deposits and obligations outstanding as of 30 June 1982. These organizations will proceed to the immediate cancellation of pending interbank loans.

On basic loans the BCRA will charge three different interest rates to be set every month. The rates charged will depend on whether the operations involve customers in general, customers who on 30 June had foreign financial debts of more than \$10 million and had reduced such debts by more than 30 percent by 30 June 1982, or customers carrying mortgage loans for the acquisition of houses for their permanent and sole use. These mortgage loans will carry a lower interest rate until the debt is down to 15 percent of their initial amount. A special regulation is established for additional loans to enterprises employing more labor and to the family sector for heads of households drawing salaries as high as 4 million pesos per month.

Through Circular A-145 the state guarantees deposits up to 99 percent of the capital and an equal percentage for adjustments and earned interests. The state guarantees only up to 1 percent on deposits made at free interest rates.

Those deposits will have full state guarantee [99 percent] on deposits of up to the amount of 1 million pesos, but only a 1 percent guarantee above that amount. The guarantee will be made effective through the presentation of affidavits. Nominative, nontransferable, medium-term adjustable time deposits of no less than 1 year can be made by individuals, religious organizations and social assistance associations, and they will be subject to indexation in accordance with the consumer price index and the free interest rate. Financial organizations authorized to operate in the foreign exchange market will not be allowed to reduce the ratio existing on 30 June 1982 between their financial liabilities plus eventual obligations in foreign currency and their liabilities plus eventual obligations in national currency.

Circular A-146 sets a limit on credit assistance for banking organizations in an amount equivalent to the monthly average of daily balances of long- and medium-term deposits. This credit assistance will be destined for making loans to individuals maintaining medium-term deposits should they need credits to meet unforeseen family needs; or to individuals maintaining 2-year term deposits at least for general needs.

Circular A-147 modifies the norms for the monetary regulation account, while Circular B-383 sets the monthly maximum effective interest rates for deposits as follows: 5 percent for nominative, transferable, term deposits; 3.7 percent for nontransferable, 7-to-14 day deposits; 4.2 percent for 15-to-22 day deposits; 4.7 for 23-to-29 day deposits; 5 percent for 30-to-89 day deposits; 2.5 percent for demand deposits; 3.7 percent for ordinary saving accounts; and 4.7 percent for special savings accounts.

Circular B-384 establishes a 6 percent monthly interest rate for credit operations in pesos under the system of basic and additional loans (with controlled funds system); and a 6 percent annual interest rate on adjusted capital for medium-term credits; and on credits granted with resources of the system adjusted to wholesale prices.

CSO: 3010/1894

ONGANIA AGAIN DISCLAIMS TIES WITH ROTH

PY081553 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0125 GMT 7 Jul 82

[Text] Buenos Aires, 7 Jul (NA)—Lt Gen Juan Carlos Ongania today expressed some doubts that remarks attributed to a military spokesman to the effect that Roberto Roth, former presidential legal and technical under secretary, is Ongania's adviser, "reflect the opinion of the army." Ongania emphasized that "the army must always make its statements through the appropriate channels and not through anonymous spokesmen."

In a declaration released tonight the former president also stated that "Roberto Roth is not now nor has he been an adviser to me on any subject whatsoever since his duties as under secretary ended."

Herewith text of the communique:

To the people in general:

"Certain news media have published remarks of an alleged 'high-ranking military spokesman' which were carried by the official news agency TELAM, claiming, among other things, that the former legal and technical under secretary of the presidency, Roberto Roth—whose recent remarks have been criticized—is currently one of my advisers.

In this regard I wish to point out that:

1. Roberto Roth is not now nor has he been my adviser on any subject whatsoever since his duties as under secretary ended. This has been duly clarified at one point although it seems that it must now be reiterated.
2. As it has also been clarified some time ago, he is not a member of the Coordinating Council of the bases for national agreement, the only body authorized to issue statements concerning my thoughts.
3. I do not share the ideas voiced by Roberto Roth which give rise to the alleged military statement.
4. I do not believe that the statement today carried by the news media reflects the opinion of the army because the army must always make its statements through the appropriate channels and not through anonymous spokesmen."

CSO: 3010/1894

NATIONAL TREASURY SITUATION IN JUNE

PY100022 Buenos Aires TELAM in Spanish 1730 GMT 8 Jul 82

[Text] Buenos Aires, 8 Jul (TELAM)--Through an advance report on the financial situation of the treasury in June, the Economy Ministry reports that in June 1982 the fiscal deficit was 53.5 percent lower than the deficit for the same month in 1981.

The report indicates that the fiscal deficit amounted to 1,859,592,000,000 pesos and that it was covered, without printing extra money, but by making temporary advances against the annual monetary budget projections of the Argentine Central Bank [encuadrando los adelantos transitorios del BCRA dentro de su meta anual].

Total revenue in June 1982 amounted to 6,806,034,000,000 pesos, 11.3 percent less than in June 1981.

In turn expenditures reached 8,665,626,000,000 pesos in June 1982 while in June 1981 they amounted to 11,676,196,000,000 pesos--an inflation-corrected figure--that is 25.8 percent more than this year.

Therefore, fiscal deficit amounted to 1,859,592,000,000 pesos against 4,000,409,000,000 constant-value pesos in June 1981. Of 6,356,139,000,000 pesos obtained from external sources 2,302,099,000,000 pesos were used for credits and 4,054,040,000,000 pesos were injected into the internal market.

The report states that in the first half of 1982, the accumulated fiscal deficit fell by 36.6 percent, and that such a reduction resulted from curbing public spending.

CSO: 3010/1894

POLITICAL, ECONOMIC EROSION SEEN AS FACTOR OF DEFEAT

Bahia Blanca LA NUEVA PROVINCIA in Spanish 19 Jun 82 p 2

[Article by Oscar Camilion; passages enclosed in slantlines printed in boldface]

[Text] This week, Argentina has begun its most traumatic experience of this century or, perhaps, since it became independent: /the postwar period/. Moreover, it is the experience of a singular postwar period, for the country--nearly all its classes and groups--was unaware that on 2 April it had gone to war. The manifest-ness of our right to the Malvinas Islands gave that day's events a somewhat confusing character, one of simple recovery of one's property, almost of delayed exercise of a postponed title. Later, the outbreak of armed conflict and its representation to the public, as well as the distance from the theater of operations, heightened the confusion. /It was a war, moreover, without rationing or new scarcities, and with distance muting the cries of pain of the wounded and obscuring the anguish of loneliness and death/.

Overnight the veil was rent. For the vast majority, what appeared was not the light. On the contrary, the artificial, distorting beams dissipated, and the darkness of uncertainty, of surprise, of disillusionment emerged. /Without a transition, we entered the victory-less postwar period/. Argentina began to perform the painful counting-up of its dead and wounded, of those who gave their lives and well-being in the defense of the just cause of regaining the Fatherland's territory.

/The thousands of Argentines who have been victims of foreign arms for the first time in five generations deserve, above all, a tribute whose only purpose is to pay grateful homage to their heroism and devotion/. This war was the first that Argentina has fought since the great immigration. This war is the first engaged in by the descendants of the millions of Europeans who came to settle the territory opening up after organization and since Argentina became South America's great agricultural and livestock-raising power. More than 5 years after the last Argentine fell on the plains of Paraguay, the first shipment of wheat left the port of Buenos Aires, during the presidency of Nicolas Avellaneda. Hundreds of thousands of immigrants came each year to join the native-born who lived in a territory that had scarcely begun to be occupied. It was they who would impart their own style and national character to the fatherland that Moreno, Belgrano and San Martin had conceived and that Alberdi and Sarmiento had envisioned so clearly.

The Argentina that burst forth during the last quarter of previous century did so within a framework of economic, political and cultural realities whose center lay

in the British Empire. The city of London provided the capital employed to develop, in a very special dependent relationship, the resources that the still-intact pampas could produce. Those resources had such powerful potential that, by dint of growing, 14 years after that first small shipment of wheat, they were capable of overwhelming the world financial center's capacity to respond. The Argentine crisis of 1890 dragged down British banking, giving rise to the great world crisis of that year. The nearly deserted Argentina of the end of the century, which had not yet actually embraced the Chaco, Misiones or Patagonia, which did not know about petroleum, cotton, or tea or tung, and which even imported its carts, was now in a position to provoke a worldwide crisis.

It took the Argentines 10 years to regain the production levels of 1890. Once they had been reached, though, the race could resume. Our country was, at the beginning of the 20th century, not only a promising cultural eminence and a genuine economic power but also a considerable military power. Even now Japan remembers the Argentine gesture of relinquishing the nearly completed battleships "Moreno" and "Rivadavia" at the Italian shipyard, at the request of the empire, which was fighting the Czar. Argentina could arm itself at the same level of might as the young century's great naval powers, although all its objectives were only those of building in order and in peace. That, at a time when war was becoming a normal aspect of the conduct of governments, when it was possible to attain political objectives with military instruments, when the world was not divided in two in terms of security, and when the power to choose, in the final analysis, between peace and war was not the equivalent of the power to choose between continued existence and extermination of the human race.

Regarding National Power

Before the 1930's; that is, before the crisis that opened the era following the one that began with the Industrial Revolution, /Argentina accounted for, in all terms, over half of Latin America's potential, including Brazil/. With fewer than 10 million inhabitants, it represented between 50 and 60 percent of Latin American culture, by "culture" meaning everything that man's ability to create adds to nature. Even so, leading thinkers such as Alejandro Bunge proposed "A New Argentina," on the basis of the wise perception that the road followed with such success had already reached an end. Those thinkers repeated, with 30 years of experience, what Rafael Hernandez, Lucio Lopez and especially Carlos Pellegrini had already foreseen with total clarity. The Argentina of /"prosperous underdevelopment,"/ as Helio Jaguaribe called it with sharp insight, the Argentina of universal literacy and early democracy, seemingly stable, had entered the blind alley of stagnation.

A favorable datum obscured that fact: the phenomenal endowment of natural resources for a relatively small population (Even within the system taught then, according to which our country was "naturally agricultural/livestock," it lacked mineral wealth and could not economically develop any industrial activity). The crisis of 1930 hindered analysis by its own worldwide scope; no one escaped its effects. In its most internationally visible aspect, that of the external sector, our country was scarcely affected at all. When the world war began, economists' projections gave Argentina a still more promising postwar future; Colin Clark saw it emerging /as the world's second leading economic power, after the United States,/ in the ranking of per capita income.

However, as in the famous poem, the jar was already broken. /"The imperceptible crack"/ had already begun to do its job with fatal precision. The economy could not grow further from the stimulus of the great centers' importing capacity alone. The Roca-Runciman Pact, which was simply the ratification of the reality of the new economic relations, had reduced the British market for meats by 40 percent, but there was no alternative destination for the rest. Indefinite growth could no longer be fed by trade alone, the terms of which were beginning to become inherently negative. Consequently, political radicalization began, given impetus in Argentina by those who had installed democracy a generation earlier; that is, the conservatives. For the conservatism of the 1930's, nearly on the verge of World War II, Alvear was an unacceptable choice. Fraud was perpetrated in the Argentine Republic against Marcelo Torcuato de Alvear, which constitutes an exemplary instance of political blindness and a suggestion of /how far one must go to find the deep root of this sick society, which today is entering the experience of the victory-less postwar period after having engaged in a practically unnoticed war/.

After that, national power in Argentina began to undergo relative erosion, despite all the accomplishments serving as partial proof of the country's vast endowment of human and natural resources. Of course, politics greatly contributed to that decline to the extent that it accentuated deep fissures in society and, especially, opened unbridgeable chasms among the different sectors of the political class. In this regard, /fraud and Peronism were completely similar experiences/ because, whatever judgment they deserve, it is clear that they did not succeed in creating an accepted system of governing. When the Peronists established the so-called "state of internal warfare" as a heretofore unseen variation on the state of siege, they were limited to ratifying a reality; that is, the absence of a legitimate regime or, if you prefer, the continued existence of a state of emergency as a way of life for the Argentine community.

Our country has thus come to be a sort of "antipolis," a negative of the community in which each man can satisfy all his needs. As a result, a century after the arrival of General Roca at the banks of the Colorado River, our Fatherland is a land of emigration, although its global per capita consumption of meat and wine is still the highest in the world, despite its sharp decline in recent years.

Emigration as a growing trend was the way of giving substance to the famous definition according to which the Argentine problem was that our country was no longer the one with 10 million inhabitants and 40 million cattle. All those in Argentina making up the excess above 10 million were surplus. Because of that, a policy of deliberate reduction was instituted and carried on for decades, being taken to the point of the absurd since 1976 (although unchanged in substance). It led to the foreseeable consequence: a crisis. Except that because Argentina is a great country, the crisis it entered is also a great crisis. Its final death rattle has been the war that just ended, whose international consequences are obvious.

This war arose because of Argentina's lack of relative power. Our country's loss of relative power postponed the necessary negotiations concerning the Malvinas issue. The lack of sufficient power led to the present outcome, in which, of course, insofar as the issue was carried from the field of law to that of actions, the law of relative power was decisive.

Argentina and the Malvinas

/The Malvinas cannot be viewed as separate from Argentina over the long term/. That would be against the nature of things. Over the short term, the implications of the military deeds must be a factor. They, of course, are not immaterial, as they occur or as they turn out, to what happens in the next phase.

However, it is necessary that our country become a major entity capable of having a centripetal effect on its unredeemed territory. Today, on the contrary, centrifugal forces are at work on Argentina's continental territory itself. No government can afford the luxury of maintaining undeveloped areas within its borders without running the risk of losing them. /It is very clear that all Argentina's present borders are generally undefendable, which is concomitant with underdevelopment/. Behind the stubborn denial of the reality of underdevelopment, which is still adhered to by those who hold the centralizing power in Buenos Aires, we find the working of the antinationalist factors that, at the outset are operating against the success of any national claim to the Malvinas.

The process that began on 2 April and closed a chapter with the loss of the battle of Puerto Argentina no doubt merits analysis and criticism, which the country will have to carry out. We won't begin today, although we are so bold as to think that during recent months we have set forth in this column some thoughts and opinions that make up a line of reasoning about the problem (within the framework of the world situation and the rules of the game), reasoning that should have been a part of the national government's thinking. At the same time, it is clear that the Malvinas case, as a subject of diplomatic negotiation, has to be dealt with from now on with great intensity.

Of course, to be able to advance into the future advantageously, it is important to be well positioned and to position the country well in the current situation. It is obvious, in this regard, that the military chapter has ended. The idea of "continuing the war" is infantile in the external sphere and base, as a mere expression of otherwise unsustainable personal ambition, in the internal sphere. With acceptance of the reality of the situation of peace, or of the absence of war, if you prefer, /it is also appropriate to accept the situation wherein the difference with the United Kingdom continues/. That calls for a diplomatic restatement entailing realistic analysis of what the country's true place in the world scene is. Primarily, however, what it requires is a definitive effort to solve Argentina's economic, institutional, social, and political problems.

A government's prestige abroad is a part of its power. Prestige is undoubtedly power on an international scale. Argentina's institutional disorder, its intolerable economic decline, its inertness in the sphere of creation of culture, and its political underdevelopment do not contribute to its prestige. Those who died for the Fatherland on the Malvinas call out for the remedies, in this land, enabling the country to be in a position to demand that for which they gave their lives. In any case, it will be demanded and obtained by the young people who did not die on the islands but who in spirit accompanied their friends and comrades who have left a painful void in that generation.

DUAL FOREIGN EXCHANGE MARKET BEGINS OPERATION

PY090135 Buenos Aires CLARIN in Spanish 7 Jul 82 pp 6, 7

[Text] A two-tiered foreign exchange market began operation yesterday that will differentiate the so-called commercial dollar, with an exchange rate of 20,000 pesos--a rate that will [be] set daily by the Central Bank--and the so-called financial dollar, with an exchange rate of 26,800 pesos for purchase and 26,850 for sale, and whose price will be set by the demand-offer pull.

The new commercial exchange rate--which is used for import-export operations--represents a 27.38 percent devaluation of the peso, whose prior exchange rate was 15,700-15,750 pesos to the dollar.

The financial exchange rate--which is used for payment of foreign obligations--represents a 70.7 percent increase over the rate of last Friday when the single foreign exchange market was still in force.

The Central Bank was selling dollars at 26,000 pesos--representing a 66.7 percent readjustment--during a day that was marked by investor interest in buying dollars. Investors were trying to obtain information on the new measures made public early Tuesday, but the purchase of dollars by private investors is still forbidden.

Yesterday afternoon the Economy Ministry issued complementary measures regarding foreign exchange: Export fees were increased and rebates intended to spur sales of industrial products in foreign markets were decreased. These measures have been in force since last Monday. The import fees on FOB values paid by exporters of agricultural products will be 25 percent across the board, and the additional 1,000 pesos for the exported dollar, which was instituted on 5 May during the Malvinas war, was eliminated. After paying the 25 percent fees on a dollar exported, the exporter of agricultural goods will now receive 15,000 pesos--the so-called effective exchange rate--that is, 15.4 percent more than the 13,000 pesos he received before.

The scale of export fees paid on other articles has now been changed: Those which paid none before will henceforth pay 10 percent (oils, for instance); those which paid 5 percent before will pay 15 percent (agricultural by-products and meat cuts in general); and those which paid 10 percent will now pay 20 percent (meats in general and unprocessed grains).

Products which received a 14 percent reimbursement before will henceforth receive 10 percent; those which received reimbursement before will henceforth receive 10 percent; those which received 10 percent will now receive 5 percent; and those which received 5 percent will receive no reimbursement.

The Central Bank will set on daily basis the exchange rate for exports of products whose sale has been reported to the National Grain Board. The measures will not apply to those articles for which a customs declaration of export for consumption has been officially filed before 5 July.

CSO: 3010/1894

GENERAL ON WAR, INSTITUTIONALIZATION, ECONOMY

PY112156 Buenos Aires CRONICA in Spanish 5 Jul 82 p 6

[Article by CRONICA's correspondent in Cordoba]

[Text] Gen Luciano Menendez (ret), former commander of the III Corps, said that in order to institutionalize the nation "there must be an electoral court made up by unobjectionable judges that could not be removed from their posts so that only true democrats could have access to power."

In a statement published today by a local daily, Menendez said that he believes that "the war for the Malvinas is not over yet."

He said that it is not proper to speak of a postwar Argentina "because I believe that the war is not over yet and we must pursue it with every means appropriate. The important thing in this case is to reach the objective and in this case we must persist with our efforts to obtain recognition for our sovereignty over the Malvinas, Georgias and South Sandwich Islands," he said.

On the economic situation and on how it ties into the conflict, Menendez indicated that "the EEC and the United States boycotted us out of solidarity with Great Britain."

He added: "Because of this, we implemented countermeasures and there is no reason for lifting them because they hurt the economy of the EEC more than our own and the EEC is more worried about the international banking sector than we are."

Regarding the institutionalization process announced by President Reynaldo Bignone's administration, Menendez said: "We must think about how the nation should be. We Argentines must unite once and for all and outline the great basic political objectives."

CSO: 3010/1894

LABOR CONFEDERATION CLAIMS END OF MILITARY PROCESS

PY100354 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1935 GMT 8 Jul 82

[Text] Buenos Aires, 8 Jul (NA)--In a strongly worded document the CGT-Brasil [a faction of the General Labor Confederation] stated today that the current military process "has ended," and it demands the return of the intervened unions to the leaders "whose mandate was granted by their own members" and who were heading the organizations before 24 March 1976.

After noting that Argentina "is enduring the worst crisis since its existence as a nation," the CGT headed by Saul Ubaldini demanded that national unity be strengthened and that a national political model be worked out.

He also called for "authentic political pluralism, the full implementation of the law and effective respect for the individual and sectorial rights which enhance the laws and our national constitution."

During a press conference held by its top leaders at its 1400 Brazil Street headquarters, the CGT-Brasil released the document called "no one can fulfill himself in a community of unfulfilled individuals."

The document states that the current "moral and material dilemma" has no room for "rhetoric, cries of victory or the feeling of defeat" because it requires "bravery, responsibility and firmness."

It also points out the need for "a constructive peace, without which we run the risk of dying as a nation," and it remembers that from the beginning of the current military process the CGT-Brasil "warned the whole nation about this inevitable end."

After indicating that in Argentina "each partial solution will be a prelude to a new crisis," the CGT document states that the common destiny "is nothing more than a united and organized national community, which lives according to ideals and behaves according to realities."

It states that for its final organization the Argentine community demands "the preparation of a clear national model" which will establish "the great objectives of the entire society, regardless of who may hold the reins of the government."

The document adds that it must be carried out within the framework of "an indestructible democracy" where political activity will no longer be "a permanent struggle for a power structure" to turn this activity "into a mature search for qualities and solutions to enhance the country's image and to provide a sense of legitimacy which is essential to our present reality."

Politically it demands "a nation with substance, not a country with a facade of apparent but not real power."

The document states that it will be necessary "to avoid unjust personal disqualifications, arbitrary proscriptions of groups or parties and political conditionings which may distort the freedom of expression of the citizens" except "those sectors whose ideology and practices are contrary to the very nature of democracy."

In the social sector it proposes the search for a policy which "must be channeled along the paths of understanding among workers, businessmen and the state."

It advocates the end of the "fruitless struggle between capital and labor" and the elimination of "the exploitation of man by man."

In the economic sector it proposes an "economy of production and not of speculation," with policies which will always keep "the flame of creativity alive."

It also calls for "the reestablishment of social justice, which is the right of a worthwhile life as a daily reality of each and every Argentine."

In international relations, it supports the strengthening of "Latin American cooperation and integration," alignment with "the Third World in its struggle against poverty and subjugation," and the struggle against "all forms of colonial oppression, regardless of its origin."

Regarding the specific union sector, the CGT-Brasil states that "we do not need ideological protectors or conductors" but "strong, united and well-conducted unions."

It also advocates that these unions must be represented "by their own men," and therefore they demand that "those leaders voted in by their own members who belonged before 24 March 1976, must take their posts again to lead all the union organizations which were intervened by the military."

"The time to shout long live the fatherland has ended. Now the time has come to rebuild it," concludes the CGT-Brasil document signed by its president, Saul Ubaldini.

CSO: 3010/1894

RETIRED OFFICERS REQUEST COURT INQUIRY INTO WAR

PY080036 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1250 GMT 7 Jul 82

[Text] Mendoza, 7 Jul (NA)—Reliable sources have stated that several retired army officers residing in this province have requested the formation of military courts to investigate events during the war in the South Atlantic.

The request, forwarded to Army Commander Lt Gen Cristino Nicolaidis, reportedly includes a number of points referring to the planning of operations, the timing of the decision to recover the islands, the limited information provided during the conflict and actions in the diplomatic field.

The document, which was published today by the newspaper LOS ANDES of this city, also mentions the support extended by the citizenry to recover the Malvinas and the need to forge national unity.

The request is reportedly provided for by the code of military justice, and the objective would be to achieve "the explanation" of what was done during the military confrontation with Great Britain.

Emphasis reportedly has been placed on aspects related to the planning of the operations and the timing of the decision, "taking into account the economic situation of the republic." the local newspaper states.

The document reportedly also asks for an investigation into the studies carried out before 2 April at the diplomatic level as far as international reaction to the event is concerned.

The retired officers reportedly expressed their desire for an explanation concerning aspects related to logistical support and the supplies that the Argentine troops received in the Malvinas.

They reportedly demand that relatives of those who died or were wounded in combat, and the citizenry in general, should learn the truth of what had happened in order to achieve in this manner "a clarification which may facilitate the objective of achieving national unity."

CSO: 3010/1894

ARMY SOURCE ON RECOMPOSITION OF JUNTA

PY071629 Buenos Aires TELAM in Spanish 2245 GMT 4 Jul 82

[Text] Buenos Aires, 4 Jul (TELAM)--A high-ranking army source said yesterday that the military junta is 70 percent operational. The source also said he was confident that a prompt solution leading to the recomposition of the power scheme will be reached. The spokesman added: "There are indications that the armed forces will agree again on the need for common political management."

He explained that the opposition of Army Commander in Chief Lt Gen Cristino Nicolaides to the designation of a civilian president was based on two facts: First, a single force could not be held responsible for the defeat in the conflict against Great Britain; second, a civilian president would not be able to stand the pressures that will be exerted during the forthcoming stage.

The source added that "Nicolaides voiced his concern over salary policies," remarking that economic agencies are working on the basis of higher salary raises for poorer sectors.

The source also reported that "the army is undertaking a major renewal based on a new doctrine, a new organization and a new structure for cadres and troops. The commander in chief prefers a relatively small but highly trained and modernly outfitted force."

The source referred to politicians as prudent, also saying he was unaware of the rumors that the designation of new governors may be negotiated with political leaders. He added that the government's intention is to study the governors' situation and he did not rule out President Bignone's confirming most of the current governors.

Concerning the state of siege, the source said that military authorities are considering the gradual lifting of that measure. He stressed: "We do not want the events of Trelew and Rawson to happen once again."

Finally, the spokesman said that Nicolaides has no differences with the radical party, because what happened in Cordoba, when Nicolaides was III Corps commander, was just a quarrel with a political leader who made accusations against and insulted the army.

CSO: 3010/1894

BRIEFS

AIR FORCE CONSCRIPTS--A responsible air force source stated yesterday at the Condor Building that enlistment of conscripts by the Argentine Air Force will be normally carried out in 1983. The spokesman made the statement in response to a question by TELAM in relation to a local morning newspaper report that the air force will not enlist conscripts next year. The spokesman said the air force has no immediate plans to discontinue enlistment. [Text] [PY081554 Buenos Aires Domestic Service in Spanish 1030 GMT 8 Jul 82]

PERONIST LEADER'S DEMANDS--Buenos Aires, 5 Jul (NA)--Today Peronist leader Angel Robledo demanded the "modernization" of justicialism so that it may fully represent a sector of Argentine society. During the program "Nuevo Dia" which is broadcast by Radio Mitre, Robledo stated that "Peronism must evolve with society, with ideas, as all the remaining parties must evolve." He asserted that "if they do not, they will stop being effective interpreters of public opinion." When asked what "the Peronism of the future" will be like, he stated that "it should present itself with all the characteristics of the society and world of today." He maintained that "all that was correct and effective in Peronism of the days gone by must be taken into account." He concluded by stating that "what is no longer current and would be anachronistic if implemented today should be cast aside." [Text] [PY080330 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1305 GMT 5 Jul 82]

FALKLANDS COURT MARTIAL COURT--Buenos Aires, 3 Jul (NA)--It has been learned that Gen Edgardo Nestor Calvi, commander of military institutions, has started gathering information at all army levels. This information will be used by a court martial which will investigate military actions related to the Malvinas conflict. Army intelligence officials have reportedly prepared reports based on testimony taken at all military levels. Those reports have already been handed over to General Calvi who, in turn, will hand them over to the court martial. The court is made up of former army commanders in chief Emilio Forcher, Pascual Pistarini and Leandro Anaya. [Excerpt] [PY100250 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1320 GMT 3 Jul 82]

COUNTRY SECTION

BAHAMAS

BRIEFS

ITALIAN ENVOY PRESENTS CREDENTIALS--The Italian ambassador, Dr (Zattoria Pennarolla), presented his credentials to the governor general of the Bahamas, Sir Gerald Cash, in a short ceremony at Government House this morning.
[FL081722 Nassau Domestic Service in English 1700 GMT 8 Jul 82]

CSO: 3025/1120

PSD SUPPORTS POLITICAL OPENING

PY082050 La Paz Radio Illimani in Spanish 1100 GMT 8 Jul 82

[Text] The Social Democratic Party [PSD] has proposed a social and political opening within the so-called political dialogue that the government is sponsoring to achieve the institutionalization of the country on real and objective bases.

The meeting, which was held yesterday, was attended by four PSD members and was presided over by Romulo Mercado Garnica. This proposal is included in a statement that contains several specific points. The statement notes that the labor and political sectors must commit themselves to contributing to the effective institutionalization of the country through a social and political opening. Moreover, it adds that political parties should agree on the programs to be carried out so as to avoid the splintering of political groups and consequently the proliferation of presidential candidates in future elections.

Moreover, the Interior Ministry has issued a communique to report on the issues discussed with the purpose of overcoming the present national crisis.

The Interior Ministry communique notes that the National Political Council held a dialogue with PSD representatives. During that dialogue they discussed the present political, economic, and social problems confronting the nation.

During the meeting, in which they exchanged ideas and proposals, the PSD expressed its intention to contribute to the solution of national problems. It also expressed its conviction that the different national sectors should arrive at a constructive agreement. In this regard the PSD noted the urgent need for overcoming the present general crisis before the situation gets out of control. Regarding the economic situation, it noted that the government should make every effort to achieve the support of the people since this is mandatory if those measures needed to correct the present situation are to be enforced.

[Word indistinct] in view of the need for adopting political-economic measures, the PSD will support any of the two proposals that have been suggested by the different national sectors under the condition that whatever solution the government decides to adopt must be based on a specific

and sincere agreement between the national political, economic, and social sectors so as to effectively confront those problems that demand an immediate solution, avoid [words indistinct] unemployment and properly meet the workers' salary needs.

This is the official explanation issued by the National Political and Social Council regarding the political dialogue with the PSD.

CSO: 3010/1895

BARTER SYSTEM IN FOREIGN TRADE ESTABLISHED

PY081854 La Paz Radio Illimani in Spanish 1100 GMT 8 Jul 82

[Text] The national government has authorized the use of the barter system in its foreign trade transactions. To this effect it has enforced Decree No 19035 which states:

The serious national economic crisis has been affected by international recession. This has caused a considerable decrease in the prices of minerals.

It adds that the low quotation on tin, which is the main mineral export, is decreasing even more as a result of the GSA sale of U.S. reserves and that this is having serious impact on the national economy.

Moreover, it states that the present income of currency from exports [words indistinct] is used in the payment of the foreign debt. It notes that the shortage of currency undermines the normal supply of staples, among them wheat which is an indispensable article in the family basket. In addition, it states that it is necessary to expand our national exports, particularly those products competitive in the international market, such as sugar, and nontraditional exports that are accepted abroad. The decree adds that the barter system is successfully being used by many countries to overcome economic difficulties and promote exports.

Therefore, the decree establishes the following:

The planning and coordination minister, the finance minister, and the industry, commerce, and tourism minister will draft and implement a plan of national supply of imported staples on the basis of contracts [words indistinct] nontraditional exports, particularly the total export quota of the 1982 sugar harvest. Therefore, the aforementioned ministries are authorized to dispose of the sugar acquired by the Bolivian Central Bank and of all sugar shipments to be exported.

CSO: 3010/1895

BRIEFS

CALL FOR NATIONAL ACCORD--Bolivian Air Force Commander in Chief Gen Natalio Morales Mosquera proposed today the implementation of a national accord in order to search for solutions to the crisis Bolivia is currently confronting on different levels. For this purpose, General Morales Mosquera called upon political parties to give up their individual positions and to serve the interests of the nation, so that a genuinely popular government may be established. The Bolivian Air Force commander in chief made these remarks in a speech he delivered on the occasion of the celebration of the anniversary of the Military Aviation Polytechnic Institution located in El Alto, La Paz. [Text] [PY081844 La Paz Radio Illimani Network in Spanish 1700 GMT 8 Jul 82]

'NATIONAL ACCORD' REJECTED--The sessions of the Fifth National Congress of the Bolivian Peasant Workers' Single Labor Confederation [Confederacion Sindical Unica de Trabajadores Campesinos de Bolivia] continue in this city. Over 1,200 people are representing the various sectors of the country's agrarian population at the congress being held at the teachers' club. The leader, Genaro Flores, has reported to Radio Panamericana on the development of the congress. According to the agenda, the meeting will try to define its position regarding the economic, political and social situation of the country. Furthermore, in one of its first resolutions the congress rejected the national agreement proposed by the government in order to find solutions to the crisis. [Begin Flores recording] The plenary meeting of the Fifth National Peasant Congress resolves: 1. To reject and disregard the so-called national agreement. [End recording] [Excerpts] [PY071414 La Paz Cadena Panamericana in Spanish 1130 GMT 7 Jul 82]

CSO: 3010/1895

PLANNING MINISTER NETO INTERVIEWED

PY140015 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jul 82 p 27

[Interview with Planning Minister Delfim Neto by O ESTADO DE SAO PAULO reporters Antonio Godoy, Guilherme Miranda, Jaime Matos de Sa, Jose Mendonca and Milano Lopes--date and place not given]

[Text] [Question] How can the government's defeat in the "June round" of the touted "street brawl" against inflation be explained?

[Answer] June presented unbelievable developments, such as the price increase which was well above that expected by the government and I believe everyone else. If you look at the components of the prices index, you will notice that the index was most influenced by industrial goods, which increased by 11 percent during the month. But there is nothing that can explain the increase. You may point to Finsocial [social investment fund]; you may perhaps point to a little bit more liquidity--because we obviously have an economic recovery--but none of this can explain the rate of the June inflation. It so happens that since we have a reasonably structured economic policy, the means of payment are growing at about 75 percent. This will not change and so during the course of the year we will again inexorably face a strong tightening of credit. And then we will return to the former position and the conclusion is that we have no capacity to grow, that we cannot find the mechanism to grow without causing large price increases. If we take a look at the evolution of some prices, we will see that they are trying to make gains in 1982 that they did not make in 1981. This is not possible. At any rate, I believe we have learned the hard way that unfortunately we have to move more carefully in the process of economic recovery. I expect that developments in July will be different, but certainly June presented an extremely undesirable phenomenon, this is to say, a phenomenon that took us back to the position we had in January 1982 or December 1981.

[Question] Is there any possibility that price controls will be reinstituted?

[Answer] The meetings I have had with businessmen are an attempt to show that we are growing and that the growth rate must be readjusted first and prices second. But this order has been reversed. Of course Finsocial caused some commotion due to some newspaper reports which were published

regarding this program. When one looks at prices directly, one can see this: Everybody believed that prices had to rise 5 percent, not 0.5 percent but 5 percent. For instance, it was unquestionable that in the automobile industry the Finsocial would have an impact, but that, at the end of the process, that impact would represent only 2.5 percent of the price increase. The end of the process would be reached in at least 5 months, that is, the timespan from the mining of iron ore to the manufacture of automobiles. In the first phase, the Finsocial amount was to be 0.5 percent on iron ore, but not on automobiles; then the Finsocial would affect steel, but still not automobiles; next it would affect automobile parts; and only finally the automobile. In the first phase the Finsocial amount was to be 0.5 percent on everything; in the second phase, 0.5 percent on the primary sector and 0.6 percent on the secondary sector, 0.7 percent on the following sector and so on. However, we saw incredible things: An individual really believing that 0.5 percent of 3,000 is 150, not 15. And so the 0.5 percent tax, a figure I believe we did not even reach, was a mistake; the 5 percent would have given the same result but at least we would have gotten good revenues. Another thing that happened referred to the question of "consumer price lists" [CPL]. In those sectors to which we restricted credits, prices did not rise, but the CPL did, as proven by the fact that the CPL was reduced by 30 percent in the following week. An index cannot be calculated by taking into account actual prices. So the information on the CPL is used. That CPL ought to have correct information, but instead they show price increases, the prospect of price increases too high to be of any use as a sales instrument. Concerning inflation I honestly have the impression that we will recover our balance, to a more reasonable situation by July. And this should be so because the economy has a strong built-in control system: That price increases to the extent they are real will produce a strong tightening of liquidity since increased prices soak up excess liquidity that was fueling economic growth.

[Question] What will happen when Finsocial actually begins to be collected?

[Answer] If someone raised prices in anticipation, he simply pared down his own liquidity. There is a volume of liquidity that the businessmen could use during the recovery period. Liquidity will disappear as rapidly as they cut into it, and then they will have to give it back.

[Question] As economist Julian Chacel put it, the government will be forced to choose between pushing growth with inflation (to maintain the level of employment and to effect the economic recovery) and the reduction of inflation with economic stagnation.

[Answer] We were experiencing a reasonably stable inflation. Looking at the indicators we will see that inflation had levelled off at about 90.91 percent, monetary correction at about the same level as well as foreign exchange rate, and salaries. Then it all works out as though there is a balance, with 90 percent inflation. A fictitious balance of course, but the situation was a reasonably stable one, as though there was a genius capable of convincing society that that level of inflation, being unnecessary, could be cut down to 20 percent without causing any additional internal strain.

That balance was certainly broken and the feeling that it was broken psychologically causes irritation and even an attempt to return to the prior position. Now if that attempt is encouraged with the expansion of the means of payment, then inflation will not stop. This is what is happening; we had that energy, but I simply did not talk about it because this kind of talk begins in the head and ends up in the market. We do not need to do anything. If we stay put, if we do not adopt any measures, that excess of liquidity will disappear and the process will shrivel up completely as it did in 1981. Chacel is right when he says that we are confronted with a phenomenon: Either we approve or we do not approve that price increase; if we do not, the economy will hit a ceiling, liquidity will disappear and then return; prices will increase less, but, in compensation, unemployment will return, the automobile industry will be back in crisis, the durable consumers goods sector will be hard hit, and only food, fabric and shoes will continue to be sold. That mechanism of re-establishing balance, say at that meager level, is a merciless mechanism which does not distinguish the face on the head being cut off. Our objective is to have a more orderly growth and I believe that we can grow at a 4 to 5 percent rate without creating problems for the balance of payments. But certainly we cannot accept the inflation we have. So we will need the help of society because that decision is not one for the government alone to make, but for everyone. The government can make some additional efforts, accelerating the timetable of some projects, reducing the speed of its expenditures. However, the decision will be made jointly because each person that is readjusting the price of his product, although he does not know it, is sawing off the limb of the tree on which he is perched.

[Question] In the last 18 months government policy has placed more emphasis on the monetary side and less on the fiscal side due to difficulties in reducing the public sector deficit. We are not going to reduce inflation as long as we do not reduce that deficit.

[Answer] There is an inflationary component there—I don't know exactly how much it is, but I believe it is on the order of 4 to 5 percent--that will only effectively disappear whenever the public sector deficit in proportion to the GDP is reduced, not only at the federal government level but also at state and municipal levels that run larger deficits in that order.

[Question] Will the Social Democratic Party [PDS] let you correct that?

[Answer] I honestly believe that the best thing that can be done for politics is to really curb inflation. It is an illusion to think that inflation can win elections. The truth is that by letting inflation go on, elections can be lost. They are lost because people confuse the interests of their groups with those of the country. I admit that a group may benefit, but not all of them simply because whenever that happens nobody is really benefitted. The attempt to spread privileges to everybody at the same time levels everybody. I believe that the Brazilian society and politicians do understand that.

[Question] Professor Chacel said that the typically electoral outlays may have pushed the inflationary rate upwards because those outlays represent no return for the economy.

[Answer] I believe that Chacel put his finger on a serious problem which we have been discussing all along. We can see that the investments we are making are those with extremely slow returns. What has been the worst thing that has happened to the Brazilian economy since the petroleum crisis? It has been the steep reduction in the product-capital relationship: While in 1973 it took two units of capital to make one unit of product, today four units of capital are necessary for a unit of product. The product-capital relationship was halved. All our programs have that difficulty, and the reduction of efficiency is certainly one of the most dramatic obstacles to development in recent years. And this thing cannot be corrected in the short-term. Since there are large investments and since a good portion of them have been made with foreign loans carrying 17 to 18 percent interest, the longer an investment is delayed--a solution that seems logical--the more difficult becomes its implementation. When the steelmaking plan is delayed because of cash difficulties, certainly a policy of reducing deficits is being adopted; but it is an extremely dubious policy from the standpoint of efficiency in this sector. Because investments on the steelmaking sector will continue carrying hefty interest rates which in the end will have to be passed on in prices.

[Question] Don't you think that the prices of public services are like Christmas trees on which everything is hung? For instance, in paying phone bills the Brazilians are paying 30 percent to the National Telecommunications Fund. In short, fees no longer reflect the cost of services.

[Answer] Let me tell you about a concrete case. When Brazil was growing at 8 or 9 percent or, say, at 7 percent a year, we had a mechanism whereby some sectors were made responsible for guarantees for financing those sectors. We rigorously paid 10 percent more for electric energy than the value of its cost. Since we imagined that electricity consumption would grow at about 10 percent, as long as we stayed within that percentage its expansion could be self-financed. But such a correlation could be maintained only for a given period because it would be preposterous, just like trying to institute a tax system for electricity in particular. So we resorted to debts and continued to maintain the electricity program at the same pace instead of slowing it down. The 10 percent is now no more than 7 percent, but the sector has become absurdly indebted. When this happens, reasonable fees begin to suffer some difficulties, because one tries to maintain in operation a system that obviously should no longer be in operation. What I want to say is that once programs are drawn up, they are no longer adjusted to new prices. A program is drawn up on the basis of some amount of money and that is it; then another program is started. We can say that the prices charged do not reflect cost. Supposing, as I believe happens in reality, that the market may allocate factors with some rationality, that lack of correlation between cost and price means that the level of efficiency in the economy is declining. And this is a question that is most serious in the area of raw materials we have to produce internally and at the cost of monopoly.

[Question] And why is monopoly a factor?

[Answer] Due to a contingency in our own development process. If we take each raw material producing sector, normally three enterprises are responsible for 80 percent of production; frequently two enterprises are responsible for 90 percent. How can they ever maintain internal prices above external prices? Aluminum today costs \$1,000 in foreign markets, but it is sold at \$1,700 in the domestic market. This should not happen. No matter how much confusion exists on the question of tariff, foreign exchange is disregarded and freight is 15 percent. Outside Brazil aluminum costs \$1,000; you add freight in and it is up to \$1,300 [as published]; add 20 percent for tariffs and it is up another \$200. It all adds up to \$1,500. Let's suppose we have duty-free imports. Aluminum domestically should not cost more than \$1,400 or \$1,500.

Let's say that you invested in VALESUL. [Expansion unknown] I encouraged the private sector to produce aluminum, and I have to make that investment profitable, but this does not justify the difference between internal and external prices. The only way that is possible is because I have control over imports, that is, I am able to estimate the amount of internal consumption. Today we are self-sufficient in aluminum and we even export a little. And I still do not allow aluminum imports. Because of this the internal price will not remain at the current level. They say that I am permitting a distortion. It is true, but they forget the problem over the last 3 years when the price of aluminum was about \$2,000. The price of aluminum was about \$1,700 abroad the whole year. And while it was \$1,700 abroad, we forced the national producer to sell it here for \$1,500. Since the external reaction changed, this became more apparent. And this is a serious fact because our competitors who export aluminum finished goods buy aluminum on the international market for \$1,000. Then they should be able to have it at the factory for \$1,300 or \$1,400. This is the justification for giving some stimulus to exports. We have to give credits to the exporter. This happens with aluminum and it happens in a more dramatic way with copper but we have corrected this already. It is necessary to have some understanding of these internal distortions. We have to analyze them over a period of time. We chose the path toward some degree of self-sufficiency and we are paying a price for that choice. When aluminum goes up to \$2,000, I will cut tariffs. I am giving a bottom line for aluminum. But when I eliminate tariffs, the price of aluminum will continue to be \$1,700 internally. We had an advantage for some years, we have been at a disadvantage recently, but this is so because we have to keep our industry organized. We have no other solution.

[Question] The businessmen's expectation is that we will have an inflation rate higher than 100 percent by the end of the year. Do you agree?

[Answer] The businessmen may be expecting that, but it will not be so. They will receive a blow. Again it begins on the people's minds and winds up in the pocket. Then you will see how they act. Because as long as it is in the people's minds nobody acts. But when it reaches the pocket, they'll show extreme sensitivity.

[Question] The government is not succeeding in reaching its objectives in containing inflation and expanding exports. Are there other provisions in the budget area that will not be realized?

[Answer] We will do all we possibly can to avoid that. Means of payment have been growing by 74 percent over the last 12 months. I have more control over government mechanisms and I can change a few things. Let's suppose that the means of payment were growing by 50 percent. It isn't, however, because the government's deficit increased. We are financing the private sector and this is the truth. Were it not so, where did the energy for this recovery come? I believe that the government could be doing better, with somebody more competent and willing to adopt some measures. But to say that we should have maintained the expansion of the means of payment at 50 percent, this is more difficult to do although it is an important objective. I expect to bring the means of payment down from the current level by the end of the year.

Certainly my wishes are those of the majority of the Brazilian people. There are internal and external restrictions which impeded the attainment of those objectives. Could we change the conditions of the international market? No. Let us suppose that we started with the expectation that everything would be disastrous because exports would not grow, but we did not expect this in January of this year. Had I expected this, we simply would have not made any move. The people have not learned anything from the recession: Just give them a little freedom and they will do exactly what they did before. What happened in the past has already been forgotten because Brazilians do not remember anything for more than 24 hours.

[Question] Is the government reviewing its tactics for stimulating economic growth this year?

[Answer] I believe that the government will adopt its internal measures; it has maintained its expenditures under reasonable control, but it will tighten that control even more. There is no intention, at least until this moment, to dampen the recovery process, because the sacrifices made have yielded the desired results: The rate of saving has increased, deficit in current accounts has decreased, and room for growth has been made.

[Question] What about the interest rates that do not come down?

[Answer] Of course we are in an uncomfortable position. Internally the real interest rate is high, maybe 11 or 12 percent. This is on the average. Everybody mentions peak percentages. Take any enterprise and see what is the real interest rate it pays. Make the right calculations with the figures at internal revenue to see how much that enterprise is paying for interest on credits, and then you will see that the real interest rate is 11 or 12 percent. True this is an interest rate we cannot live with for 20 years. But it is the rate we have now and the same thing is happening in the United States, the FRG, France and the Soviet Union.

[Question] Because of the high international interest rates, last year we paid more on interest than principal. Wouldn't this be the moment to be thinking about containing foreign indebtedness?

[Answer] It is obvious that the level of uncertainty has increased. This is related to a fundamental philosophical question of "what to do?" Incidentally, one of our friends wrote a book about this. The first thing is not to despair. The difficulties are enormous. These are the premises, but the conclusions do not follow them. First it is clear that the oil producers' revenue has decreased. But where is that money now? It is in the hands of the countries that bought oil, that is, in the hands of the banks that financed oil purchases. In the past there was one extra intermediary. Oil was bought from the Arabs who deposited their money in the banks which, in turn, loaned that money out. The first segment of the circuit ended but not the second. This month we attracted \$1.6 billion, way above the average.

On 30 May we had \$8.8 billion. We attracted \$1.1 in May and \$1.6 in June. We continue to advance. I have tried to maintain a stable foreign debt in real terms. Of course with the large decrease in inflation in the United States, I will perhaps not succeed this year. But we did in the last 2 years, just as we did with the reduction of the debt-export relationship.

Another problem that I see is that countries, like bankers, have a clear intuition about who has the means and who doesn't. Brazil's debt ratio to its gross domestic product has been 0.22, 0.24, 0.25. And it is known that these are some of the lowest indicators. Brazil has shown a great ability to obtain foreign resources. It has shown something even more important: This is perhaps the only country that has a private and foreign debt fully registered. There is not a single dollar of debt to a foreign individual, which was authorized by the Central Bank, that is not registered. And that debt is equally distributed over the next 8 years with minor fluctuations. People say: "Brazil pays a spread [given in English] of 2.25 while other people pay 0.75." This is true. But the thing is that whoever was paying 0.75 went bankrupt because he borrowed money on 6-month term. Brazil continues contracting loans on 8-year terms with 4-year grace periods. And this is what made it possible to move with relative ease through that maze of difficulties and through the 4 years after the 1979 oil crisis. We had difficult moments in 1980; there were a lot of people who were expecting Brazil to go broke but it didn't; it pulled through and will continue to do so.

[Question] Is there any way to improve the performance of exports?

[Answer] It wasn't the rate of exchange that caused trouble for exports. Exports dropped because the markets closed. We expanded our exports to markets that were not well developed, and those markets have the same defense mechanism we have. If I wanted to report \$26 billion worth of exports, it would be the easiest thing in the world. Everybody wants to buy paying according to his ability. If we did not have internal savings, our exports would continue to grow at 30 percent. If I had \$2 or \$3 billion of internal savings to finance the export of capital goods I have no doubt I

could keep the sector going at full tilt this second half of the year. We should have here about 20 to 30 deals ready to close, for exporting hydroelectric equipment, steel, cellulose factories. Everybody wants to buy, but nobody can pay. If I wanted to make an additional \$5 billion, I could make it this year, and by year's end we would read the most commendatory editorials over the attainment of the export goal.

[Question] What are the prospects for foreign trade in the second half of the year?

[Answer] If conditions remain as they are today, everything indicates that the second half will be slightly better as far as foreign trade is concerned. The FRG is on the way to a recovery; the markets that closed will reopen. This is a general prospect. I would say for you to multiply by the factor everyone is expecting, minus one.

[Question] This year will we have the same surplus we had last year?

[Answer] I believe we will. Oil makes up half of our imports; one-fourth is the government's--and we are taking measures to reduce this by \$500 million--and another one-fourth is the private sector's. Let's suppose that our expectation of a 4 to 5 percent growth rate comes true. If the people believe that possibility is reasonable, then it is likely to occur. This should cause imports to increase 4 to 5 percent, and since our stocks are depleted, we can imagine that growth will be even larger. Let's say 8 to 10 percent, the imports will be one fourth of that, between 2 and 2.5 percent in terms of volume. Now, external prices have declined just like our product prices have. They declined by more than 10 percent. Even if our expectation of a 4 to 5 percent growth rate comes true, our imports should drop from 5 to 6 percent compared with last year's, without including the \$500 million cut.

[Question] Will there be any change in wage policy?

[Answer] It is not my intention to make any change. To the extent that we are not organized as a society to administer the liquidity we have now, we will simply revert to our former situation. Unfortunately, we will have a rising unemployment index and enterprises will make less profit than now. That kind of adjustment represents an illusion: Let us say that we do not sanction the increase--and we will not--within 1 or 2 months I am sure the increase will come. A certainty I had in 1980 and 1981 which I told you about 3 or 4 months in advance. If I continue talking to you here, that may happen in July or August, or in September things will be so bad that some people will be asking for consumer credit while others will be asking for something else. This is a certainty and a more serious one this time, because we have more complications internally because exports no longer are growing at the rate they formerly did. In 1981 we knew foreign trade was a way out of our difficulties. Now the level of exports will perhaps go up a little, although the rate of export growth has decreased. So we no longer have that way out of our difficulties open. Let us take the textile sector, which will export perhaps the same volume it did last year.

If we have a liquidity problem this sector will have to sell internally much more than it did last year.

[Question] That answer brings relief to the working class. Now will you change something for the bankers?

[Answer] You can see that the bankers made good profits. But we took more money from them because the tax levied on them was brutal. Yet to the extent that they show prosperity which is disproportionate to the national situation, they will have to pay a little more. This is a question of social justice.

[Question] As we move into the second half of the year, there have been more withdrawals than deposits from the passbook savings accounts. Isn't this because of an unrealistic monetary correction policy?

[Answer] No. That was just due to increased consumption. The system worked reasonably well. When we said "now is the time to save," the Brazilians did save. We could not continue increasing both consumption and savings at the same time. Over the short term, consumption and savings are opposites. We now have a substantial increase in consumption. Incidentally, it is the only possible road to growth. Increased consumption was an expected phenomena, but it does mean that the rate of savings has decreased. Individual savings did decrease, but certainly if the process goes on, enterprises' savings will go up. Why do enterprises not invest? Because they do not have advantageous prospects. As consumption grows, we will see enterprises moving to raise their capacity.

[Question] Would it be possible to stimulate foreign investment to reduce foreign debt?

[Answer] If we could resume growth at 8 percent a year, part of it naturally would become investment. An individual now has his preferences. First, because an important part of that debt is financial and it cannot be transformed into investments. In addition, some foreign companies bring in resources as financial resources because they have some fiscal advantages to do so. I do not believe that foreign investment means much today. We cannot offer exceptional advantages, because we would be discriminating against national industry. I believe that from \$4 to \$6 billion could be transformed into capital. Not more than that, but at a great cost.

[Question] Wouldn't internal debt reach intolerable limits? Should not the government have another indebtedness process available.

[Answer] We have to consider the debt growth. We have resorted to that market to a slightly greater extent than that provided for in the monetary budget. Because of a lag in cash flow, we should have much more tranquillity regarding the treasury till the rest of the year. All debt grows during the year just like the monetary correction. This is natural. And we did not have any growth because the liquid assets of every individual grew exactly in the same proportion. Whenever the composition of the government's

securities in the hands of individuals is determined, that composition will continue the same. What is important is any growth above this composition. Somebody had already said that debt is simply an advanced tax. We could choose a different route: Tax, issuance of currency or debt. As long as we can use the debt route, this is the best route, the less thorny one. Whenever that route is no longer usable, we will simply switch to taxation.

CSO: 3001/193

PCB WILL EXPEL LUIS CARLOS PRESTES; PRESTES COMMENT

Preparations To Expel Prestes

Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Jun 82 p 6

[Report on interview with Geraldo Rodrigues dos Santos, member of the PCB Central Committee, by Alvaro Caldas; date and place not specified]

[Text] Rio de Janeiro--With the authority derived from 36 years of militant activity that began in the rank-and-file organization in the port of Santos, and speaking in the name of the "leadership collective" (the name of the Brazilian Communist Party [PCB] Central Committee when the party is, as now, illegal), former dockworker Geraldo Rodrigues dos Santos--"Geraldão"--says that the days of one-man rule in the party are over. The "horseman of hope" or "great leader" no longer exists. The expulsion of Prestes will be made official at the Seventh PCB Congress.

The break with Prestes (Luis Carlos Prestes, the organization's secretary general for 37 years) "is permanent, and its major lesson is that the party must honor its leaders, but it must not deify them or transform them into myths." By clashing with the dominant stands in the Central Committee and separating himself from it in one of the most spectacular "splits" in the organization's history, Prestes, who was once the "horseman of hope," has now become "the deserter who abandoned his post--the revisionist and defender of petty bourgeois ideas."

"A Worker Who Entered at the Bottom"

Geraldo, 59, has been in the central leadership since the fifth congress and has divided his militant activity between Sao Paulo and Rio de Janeiro. In the first interview of his life as party leader, he immediately emphasized two points which, while containing no reference to his former comrade, constitute a direct criticism of the role played by Prestes: "I am a worker, and I entered the party at the bottom--through the rank and file--and I hold a position of leadership today because I was elected to it. I have never been co-opted, except for one time when I was called on to put together the leadership in Rio de Janeiro after the leaders had been imprisoned. And I went through the dark period of repression being hunted by the police and living in hiding, but without leaving the country."



In the opinion of "Geraldao" (photo),
Prestes "is a deserter."

"Geraldao" received a 10-year sentence as a result of the "Prestes Notebooks" trial (his was the second longest sentence; the stiffest--14 years--was given to railway worker Ramiro Luchese). "Geraldao" says that the break with Prestes will be made official at the seventh congress (called the National Meeting of Communists because of the party's illegal status) and that Prestes will be permanently expelled from the PCB's ranks.

"As far as we (that is, the leadership collective) are concerned, we would like for the denouement to take place at the national meeting, since that is the forum with the highest authority for solving problems of this kind. But this does not mean that a decision cannot be reached before that. Everything will depend on his behavior. Our position has been one of tolerance, no matter how gross the errors are. But considering who he is and the prestige he enjoys, the leadership feels that its pronouncement must have the support of the rank and file at a national meeting."

The dispute with Prestes, the holding of the National Meeting of Communists (the seventh congress), which the party hopes to hold as a legal party, and the position of the Communists in the upcoming elections were the topics in this interview with Geraldo Rodrigues dos Santos, a former dockworker whose parents were rural workers in the interior of Sao Paulo. His education stopped at the fourth grade. He has made a few visits to the Soviet Union and to European countries. He has a son who has lived in Paris since 1964.

As far as "Geraldao" is concerned, Luis Carlos Prestes is undoubtedly a figure of national and international stature who enjoys great prestige. That prestige is due not only to his efforts and struggles but also to the anonymous work of the Communists, who transformed him into a myth.

"His current conduct is doing considerable harm to the communist movement, especially because he is someone who has always defended party unity and centralism (sometimes used in an intolerant manner), but who is now adopting a revisionist and fractionalist position. Although it has suffered great harm, the organization is strong enough to put itself back together and grow stronger. The proof of this is that there is no rank-and-file organization supporting Prestes' fractionalism. There are comrades who see him as a leader but who criticize his behavior in carrying disagreements outside the party instead of discussing them inside the party."

No Room for Bosses From Now on

Geraldo says that Prestes did very great damage to begin with--provoking trauma and causing confusion and perplexity in broad segments of the organization--by publishing his "Letter to Communists" in May 1980, in which he suggested that the rank and file rebel. But later it was seen that he was breaking with the Marxist-Leninist principles he had always upheld and that his main target was the party--its structure. Objectively, his behavior helps the revolution's enemy--the reactionary forces.

"In all the time that I have been a member of the party, I have always seen the point of view supported by Prestes come out victorious and be regarded as the most correct. But the first time that he was voted down and left in the minority, he rebelled against that situation and gave up his post. He is a deserter. His struggle is against the party, even though his criticisms are often directed against Giocondo (Giocondo Dias, the party's current secretary general), and this illustrates his petty bourgeois ideas."

Geraldo sums up Prestes' disagreements with the Central Committee as follows: "He advocates immediate struggle for the socialist revolution, and that limits the scope for alliances. On the pretext of anticapitalist struggle, a number of alliances with sectors of the national bourgeoisie participating in the single front are excluded. We, on the contrary, feel that the main enemies at the moment are the foreign monopolies, the large landowners, and the financial oligarchy. First it is necessary to defeat the regime and clear the way for the formation of a government of democratic forces that will permit the exercise of freedoms, the organization of the working class, and the struggle for socialism."

While it is difficult to explain to the rank and file this shift from the most ardent support of Prestes--a dominant sentiment in the party for years--to a radically anti-Prestes position, "Geraldao" says that the organization is being given a great lesson and relearning the practice of criticism and self-criticism and of collective leadership. "From now on, there will be no room for bosses."

In his opinion, the party engaged in criticism of Stalinism and the cult of personality--"in a very disorganized manner at the start"--and thus has authority to criticize Prestes. "If there had not already been a break with Stalinist practices, the break would not have taken place, and that is why he found no cover for his positions inside the party."

The positions defended by the former secretary general in the book "Prestes, Struggles, and Self-Criticisms" by Francisco Viana and Denis de Carvalho ("I didn't buy it; I read a copy borrowed from a friend") are considered false by "Geraldao": "He does not take responsibility for anything. In every case where an error was committed, either he knew nothing about it or he was poorly informed by his comrades."

"Party Can Make Alliances Even With PT"

The PCB leader does not rule out the possibility of alliances with leftwing parties and organizations ranging from MR-8 [8 October Revolutionary Movement] to the PT, which were the result of the political reorganization that followed the phase of armed struggle in the early 1970's. "The party does not treat them with hostility. Its stands are different, but it can make alliances, even with the PT."

Concerning MR-8, he says that "they are also engaged in work with the masses, but not always correctly. They have introduced partisanship into that work and try to use the mass organizations to achieve their political objectives. At times they advocate violent means, as in the case of their establishment of CONAM (National Confederation of Tenants Associations) and the Women's Federation, which were established as electioneering organizations for their candidates. In the union movement, there are conflicts every day."

"Geraldao" is not worried by the issue of whether it is asking too much of the Communists to support Governor Chagas Freitas' candidate in the election for governor of Rio de Janeiro. (Prestes says that it constitutes a conspiracy and a betrayal of the party.) "They want to create confusion over our support for candidate Miro Teixeira. That support results from the decision by the Central Committee to support PMDB [Brazilian Democratic Movement Party] candidates. Our election tactics call for defeating the authoritarian regime, and the most viable candidate for the democratic forces in Rio de Janeiro is the PMDB candidate. Sandra is the regime's candidate, and she is linked to the SNI [National Intelligence Service]. Brizola and Lisaneas Maciel do not represent conditions for unity."

Although the aspiration to achieve legality is among the PCB's priorities, the holding of the seventh congress is still being discussed with restraint. Known internally as the National Meeting for Legality, its importance derives from

the fact that it will provide an opportunity to ratify the party's current line, which is the cause of the dispute with Prestes and which was adopted 15 years ago at the sixth congress (in 1967). Whether it will be an open congress or not will depend on the political picture at the time: "Our struggle is to make it as legal as possible." When and where are still internal questions.

Prestes Supports Brizola for Governor of Rio

Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Jun 82 p 6

[Text] Rio de Janeiro--Luis Carlos Prestes, former secretary general of the PCB, yesterday expressed his support for the PDT in Rio de Janeiro, although he advocated support in the other states for the PMDB, "which is the party with the best chance of defeating the dictatorship." He criticized what he called the "rightwing opportunism" of the members of the PCB Central Committee for their agreement with Chagas supporters in Rio de Janeiro.

In Rio de Janeiro, said Prestes, "there are only two opposition parties: the PT and the PDT." He asserted that his supporters are shifting "spontaneously" from the PMDB to the PDT and said he is preparing a document expressing his position of support for Brizola's party. Prestes is nevertheless maintaining a critical position toward the PDT, and he deplored the fact that the party "is afraid of the Communists" like all the others.

Prestes 'Happy' With Expulsion

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jun 82 p 6

[Text] Rio de Janeiro--Luis Carlos Prestes, former secretary general of the PCB, said yesterday that he regards his expulsion from the party as perfectly natural. His expulsion will be made official at the organization's seventh congress, which is now in its preparatory stages, according to a statement by leader Geraldo Rodrigues dos Santos, member of the Central Committee, during an interview with FOLHA DE SAO PAULO.

Prestes commented: "I am very happy that the Brazilian people will know that I have nothing to do with the rightwing opportunistic orientation decided on by Geraldo and his comrades on the Central Committee."

Clarification

In a telephone call to FOLHA DE SAO PAULO, Acacio Caldeira, attorney for Prestes, clarified an interview granted the night before concerning Prestes' support for Leonel Brizola of the PDT, who is running for governor of Rio de Janeiro:

"Today's edition of FOLHA DE SAO PAULO expressly mentions my name in a report concerning my answer to a telephoned question from one of your editors. He asked me if it were true that I would issue a manifesto of support for Brizola's party. I answered by saying that it was not true and that, contrary to what was reported in your newspaper: no, I did not say that I was preparing a document stating my position of support for Brizola's party. I said only that: I

would make a statement in that regard at the proper time either supporting or not supporting Brizola's party. Requesting that you publish this correction in your newspaper, I am, Sir, yours truly: Luis Carlos Prestes."

Editor's note: Luis Carlos Prestes did in fact express his support for the PDT and confirmed that a document to that effect was being prepared. However, on being asked whether the document might be made public this week, he said no.

11798

CSO: 3001/166

STRATEGY TOWARD ARGENTINA IN POSTWAR PERIOD DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 82 p 8

[Text] Brasilia--Brazil has already worked out a strategy for getting along with Argentina in the period immediately following the Falklands War. The strategy takes into account a thorough review of the Brazilian position since 2 April when the war began, the effects its position produced in the dialogue with Buenos Aires and a projection for the coming months. The strategy essentially has three points: re-affirm, whenever necessary, solidarity with Argentina; never act paternalistically; try to understand and minimize any problems that come up.

In the review that is being made these days, the Figueiredo government concludes that Argentina understands Brazil's "friendly neutrality." The sentiments expressed in private about this subject became public in a brief interview with Argentine Foreign Minister Costa Mendez by Brazilian reporters at the Brasilia airport during his stopover here on his way to Cuba on 2 June: "About Brazil-Argentina relations, I have only a few words to say. You know they are at a very good point, that there are no clouds to darken these friendly skies, and that we are not in conflict over any piece of land."

The note released by Itamaraty [Foreign Affairs Ministry] Wednesday, after the Argentine surrender, followed the tone of "friendly neutrality." It praised the Argentine people and soldiers, regretted the fatalities, expressed confidence in its neighbor's future, reiterated support of its claim to the Falklands and proclaimed the need for a diplomatic solution. It was the first Brazilian move since Gen Benjamin Menendez, after consulting Buenos Aires, decided to surrender.

The Figueiredo government has decided it will not treat Argentina paternalistically in this postwar period. This precaution was taken from 2 April on. Brazil decided, and made known to Argentina, that it would give support "up to the possible limit," but did not hide some difficulties. And for this reason support was never unconditional.

Argentina understood and Brazil reminded it that its limit of support was [imposed by?] the London office of National City Bank. The Figueiredo government was in no mood to do anything rash. In taking stock of its position, it notes with some satisfaction that it did not go beyond that limit, as is proven by confirmation of two loans from London sources, one of them for the navy. Brazil told the British Government that it considered the extend of its reaction to the taking of the Falklands by Argentina "disproportionate."

Brazil has laid down a rule that it will not break: this is a time to be very understanding about any problem involving Argentina and, above all, to try to minimize it. The outbreak of revolt on Tuesday evening in Plaza del Mayo was examined very cautiously by the Brazilian Government. It appears to be a portent of what is to come in a nation traditionally threatened with political instability.

A few incidents are indicative of the symptoms. When Brazil seized the British "Vulcan," the Brazilian embassy in Buenos Aires received hundreds of almost-jubilant telephone calls. When the aircraft was released, even with the announced safeguards, the telephone calls continued at the same pace, only this time they were offensive. The Figueiredo government is sure the Argentine Government "fully understood" Brazil's attitude. At the official level it was considered "openly favorable to Argentina." But some sectors reacted in a much different manner. Not only was the embassy harassed by abusive telephone calls, but some vehicles with Brazilian license plates were damaged in several Argentine cities.

Scapegoat

Also expected, maybe even before the dust settles, are outbursts by Argentine elements considered "anti-Brazilian," led by Adm Isaac Rojas. In these circles, Brazil's solidarity was not considered as effective as the "hardline" Argentines would have desired.

Brazil realizes that, along with Chile, it is one of the two nations that will always be the potential target of Argentine disillusionments. At the moment, the United States is the most convenient scapegoat, having sided with Great Britain in the war, after an initial period during which Secretary of State Alexander Haig tried to act as mediator. General Galtieri himself, in trying to explain his defeat, called United States "an enemy and a traitor." The most realistic persons in Brasilia believe that within a short time Argentina will have to make up with the United States. It is practically impossible, from one side or the other, to remain immune to the presence of a superpower. When differences with Washington are settled, it would not be out of the question for Argentina to turn to less-formidable targets--Brazil and Chile, for instance. The latter is more likely to be the target, as it already is carrying on a running and specific controversy with Buenos Aires. Brazil settled its dispute (over Itaipu and Corpus) before the Falklands storm broke.

The Figueiredo government is aware that a period is now beginning that will be as difficult, if not more so, as the war: what is to be done with the islands; how are they to be administered; how can a reliable force be maintained to prevent further adventures?

Great Britain will have to cope with the practical problem (financial and logistical) of defending an archipelago located 13,000 kilometers from its shores. The problem will become more serious if Argentina decides to "Vietnamize" the Falklands, continuing to make regular incursions.

For London, at least during an initial period, while renewal of diplomatic relations with Argentina is being prepared, the ideal thing would be the presence of a "peace-keeping force" with sufficient authority to discourage the possibility of renewed

ambitions. What Great Britain would really like to see is U.S. troops, even in token numbers, stationed in the archipelago as a factor to discourage any Argentine attempt. But it would be dangerous to actually do that, as was done in Korea and the Dominican Republic, for example. In that case, a few countries that get along with Argentina, such as Brazil, would be called upon to form a non-American "peace-keeping force." Chile and Uruguay might also be mentioned.

There has not yet been a formal conference. For the time being, Great Britain has released a trial balloon in London, which news agencies are to convey to Latin American capitals. Brazil will not participate if the objective is merely to add a little variety to an essentially American military force, or that of any other power. But it is willing to study the matter, as long as it is under the cover of the United Nations or an agreement supported by both parties. Especially if the Brazilian presence, to share in administering the archipelago, is viewed favorably by Argentina.

8834

CSO: 3001/172

EXPULSION OF UNE PRESIDENT FROM NATION RECOMMENDED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 24 Jun 82 p 2

[Text] Brasilia and Salvador--The judicial inquiry begun 11 May into the activities of UNE [National Students Union] President Javier Alfaia on orders of Justice Minister Ibrahim Abi-Ackel recommended to expel the Spanish-born student, an aide to the minister reported, based upon Article 107 of the Aliens Statute, according to which an alien admitted to national territory may not engage in activities of a political nature.

The inquiry, made by the Regional Superintendency of the Federal Police in Bahia, is being analyzed by the Federal Department of Justice, which next week is to submit its opinion to the secretary general of the Justice Ministry, Arthur Pereira de Castilho, who in turn will submit it to the justice minister. The final decision whether or not to expel the UNE president is the exclusive jurisdiction of the president of the republic.

Since the inquiry was begun the justice minister has refused to comment on the reasons why the federal police may propose the UNE president's expulsion, always asserting that "everything will be clarified" in the trial phase. An aide to the federal police, who asked not to be identified, revealed to the JORNAL DO BRASIL that the agency is in possession of a taped interview given by the UNE president in the Itapua television studio in Bahia on 19 April for the program called "Franca Teixeira, Mission Reporter."

It was based on the content of this interview that the DPF [Federal Police Department] sent the Justice Ministry the request to expel Javier Alfaia. At one point in the interview the UNE president asserts that "the agencies of military repression have committed really barbarous acts against students. It is enough to point out that a recent president of the UNE, Honestino Guimaraes, was arrested by the CENIMAR [Naval Intelligence Center] and is still listed as a missing person."

In Salvador, the Federal Appeals Court today hears the habeas corpus plea made by Attorney Ronilda Noblat on behalf of Alfaya. If it should be granted, it could mean the lawsuit to expel the student would be voided, "as it would prove the lack of just cause," according to the attorney.

In the habeas corpus plea, the attorney claims that Javier Alfaya, although born in Spain, came to Brazil "at a tender age" (6 years). Noblat asserts that this position is upheld by Article 145 of the constitution, "so that he cannot be expelled."

8834

CSO: 3001/182A

UNEMPLOYMENT RATE GRADUALLY SHOWING SIGNS OF DECLINING

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Jun 82 p 12

[Interview with Ramonaval Costa, economic adviser to the labor minister: "Unemployment Gradually Shows Signs of Decline"; date, place and name of interviewer not given]

[Text] All the available data, from the FIESP [Sao Paulo State Federation of Industries] surveys to the IBGE [Brazilian Institute of Geography and Statistics] and SINE [National Employment System] indicators, show that unemployment is beginning to subside. After 1 year of declining employment, even Sao Paulo industry is beginning to rehire. That is what is shown by the economic adviser to the labor minister, Ramonaval Costa, in an interview by CORREIO BRAZILIENSE. But he makes one reservation: although the number of employees is once again rising, the base for computing unemployment has changed, as every month another contingent of workers enters the labor market. Per year, about 1.5 million of them. Under such circumstances, not only must continuation of this reactivation be guaranteed but additional incentives should be provided for job creation.

[Question] How does the unemployment problem look now?

Ramonaval: At this time, the most recent reports we have show that there is, in fact, a kind of reactivation. It has not yet gone very far, to the point of totally eliminating unemployment or even reducing the rate of unemployment to acceptable levels. What we do see, however, is that unemployment is not increasing. Regarding the latest rates, we only have information for the month of April, from the weekly IBGE employment survey. We are expecting a report from the CDI [Industrial Development Council] about employment levels and from the Labor Ministry as well. We already have reports from FIESP which show, graphically in fact, that a reversal is underway in the process that occurred last year. In absolute terms, we are really at respectable levels. We seem to be at an employment level about equal to that of October 1981. We are returning to the previous employment levels, which is good, but we have to bear in mind that every year another contingent of workers enters the labor force and some times this is difficult to measure. So we will have to hope that it continues in the second half of the year in order to really have a suitable situation for controlling unemployment.

[Question] If the recovery occurring in recent months continues, would it be possible to make a prediction of, say, by what time the pre-recession employment level of early 1981 will be reached?

Ramonaual: I'm afraid that it's going to take a longer time than it took to fall, unless there is an acceleration of the economy led by other sectors such as banking, finance or large projects, which the government does not seem to have in mind. What we do believe is that this process could be one of irreversible recovery, a process of slow but persistent growth, which of course in itself is a more optimistic position than that of last year. Be we would not be able to say exactly how long it would take. I suspect it will take longer than it took to fall because we are starting at a lower base and it will come back up to par only gradually. We must bear in mind that the hardship of unemployment is also being moderated by the adaptability of the system itself. It may be that the hardship today is not as great due to the adjustments that have been made: underemployment, migration, a number of things to which people resort in order to survive. Perhaps today the unemployed are those least qualified or those for whom there is a surplus supply in the market.

[Question] For example?

Ramonaual: We have the example of the engineer, the economist. Well-qualified persons, but there is surplus manpower. But in one way or another they are likely to have worked out their own strategy for survival, even though there may not yet be any policies that can accelerate those strategies. It may also be that, with the concern and the sensitivity of the authorities regarding the unemployment problem, we might also have a positive element to ease this return to the previous level, which is necessary, because the labor force is constantly increasing also.

[Question] Speaking of the government's concern about unemployment, a few months ago the Labor Ministry submitted a project for reactivating employment and the National Monetary Council eventually replaced it with a civil-construction investment project, whose effects should already have been felt. Are these effects really being felt? Is there a recovery in civil construction?

Ramonaual: I couldn't tell you that now. If you had given me advance notice, I could have found out which are the leading sectors. Generally the effects of reactivating civil construction are immediate, but I don't know whether this project suggested by the Monetary Council is fully underway yet. There was the problem of increasing the monetary base, a lessening of compliance with the monetary budget at the beginning of the year and a certain fear that this year would be one of monetary relaxation due to the elections being held. So the government became much more cautious about releasing funds. I don't know how this project is coming along but, according to the statements of the president of the republic, I have the impression that it must really be starting to get underway now. We should, therefore, be able to feel its effects by the beginning of next month or next year.

[Question] From that viewpoint, could the recently-created FINSOCIAL [Social Investment Fund] provide elements for recovery of labor contracts?

Ramonaual: I don't know; it depends upon how it is used. They have talked only about its amount, the percentage, and commented on whether or not it would be

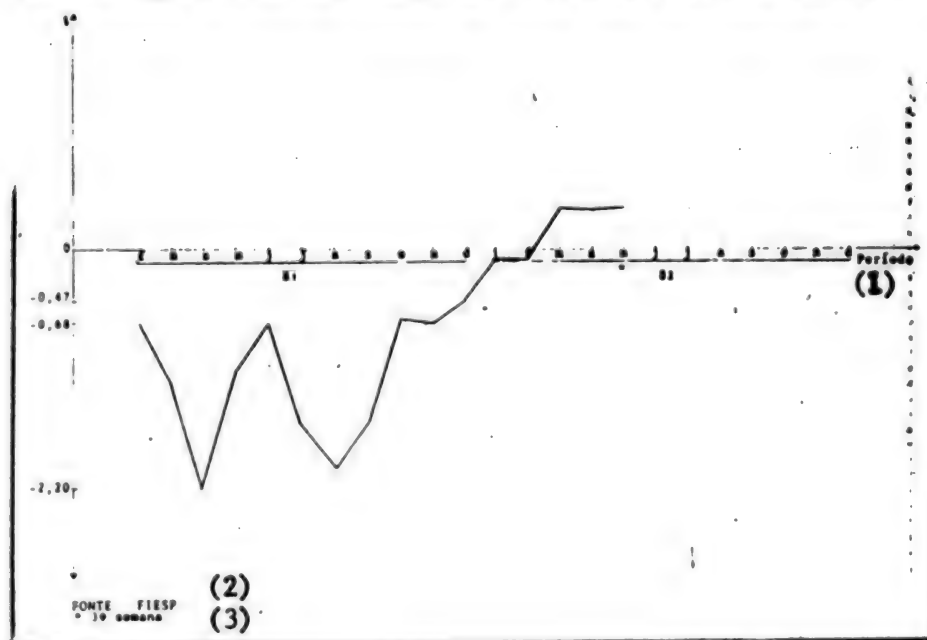
Judgment Sample of Number of Employees: Employer Organizations and Industry Associations

<u>Month</u>	<u>Number of Employees in Sample</u>	<u>Percentage Variation Compared with Previous Month</u>
1981		
January	506,391	---
February	502,966	-0.68
March	496,838	-1.22
April	485,888	-2.20
May	480,308	-1.15
June	476,986	-0.69
July	469,285	-1.61
August	459,849	-2.01
September	452,578	-1.58
October	449,641	-0.65
November	446,472	-0.70
December	444,378	-0.47
1982		
January	444,018	-0.08
February	443,553	-0.10
March	445,156	+0.36
April	446,731	+0.35
May**	448,386	+0.37

Source: FIESP

**3rd week

**Number of Employees: Employer Organizations/Industry Associations--
Percentage Variation Compared With the Previous Month**



Key:

1. Period
2. Source: FIESP
3. 3rd week

inflationary. I believe it is a fund that is being set aside for a specific purpose to be determined by the government, rather than something spontaneous. So it depends upon what the government's purpose is. Whatever it is, it will not stimulate immediate, but rather medium- and long-term recovery, depending upon how this fund will be invested. If it is put into something capital-intensive, it will generate less employment; but if it is invested in a more labor-intensive sector it should also have a positive impact on employment, which it wouldn't have if the money remained where it is. First, we will have to wait. They themselves are still establishing the strategy for using these funds. According to the legislation I saw, it doesn't seem to mention employment specifically. Perhaps because of the jurisdiction they did not want to include anything about employment. Incidentally, I received from persons outside the Labor Ministry, connected with the university, suggestions to include in FINSOCIAL a kind of unemployment fund, or a pre-unemployment fund. But the legislation does not specify such a use for FINSOCIAL. We'll wait and see if we can submit any suggestions. We have to wait and find out what the [labor?] minister's opinion is. The interim minister already has an opinion and we are all in agreement as to what is desirable. But no decision has yet been made as to how it is to be used.

[Question] Is wage policy, according to the prevailing idea in the Labor Ministry today, a factor in unemployment or not? In other words, is the wage policy a bird trap, as [Planning] Minister Delfim said?

RamonaVal: I would rather not answer because I don't know in what sense Minister Delfim said this. I don't know who the bird is... For that reason I would rather not answer. But if he had said that wage policy is a double-edged sword, and perhaps that would have been more elegant, we could have considered that to be correct. But the two edges do not cut at the same time. If we agree that the law creates an unemployment problem, it would be a matter of cutting fat and not one of simply economizing. At least the employer's reasoning would be different. Unless an individual is producing, you cannot pay him--unless you are not concerned about productivity, which would not befit a businessman. He may have to get rid of persons who are redundant from the economic point of view. In this sense, I believe wage policy served to improve productivity. It called the attention of employers to the fact that it is no longer possible to hire labor without needing it. For this reason, we don't think it created unemployment. If it did, it was due to adjustment in keeping with the greater share of wages in the company's costs. At the time that it begins to take a greater share, as with the semiannual correction, I think current wage policy becomes more economical. But that adjustment was made a long time ago. Anyone who is making adjustments now must be rather late, don't you think?

8834

CSO: 3001/182A

EXOCET-TYPE MISSILES MAY BE PRODUCED DOMESTICALLY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 82 p 6

[Text] Brasilia--Air Force Gen Hugo de Oliveira Piva, director of the Space Research Institute, has told the periodical LETRAS EM MARCHA, which is circulated among the military, that Brazil is in a position to develop its project for producing a missile similar to the French-made Exocet, which was used successfully by the Argentines to sink the British destroyer "Sheffield."

According to General Piva, whose statements were published in this month's edition of LETRAS EM MARCHA, "Brazilian capability already exists for developing a missile design for aircraft or ships."

"The technological capability acquired through the space projects can be used for new projects with military applications. In the case of the Exocet, Brazil can produce a similar missile in the medium term."

The general also revealed that the engineering designs of the first Brazilian infrared missile for special use in air combat are now complete, and the only thing lacking is an appropriation of funds for producing the weapon. The Brazilian missile is similar to the latest models of the Sidewinder, with which the British Vulcan aircraft detained in Brazil was equipped, and the Matra-550.

War College--President Joao Figueiredo has said that in reaching his decisions in government, he has frequently made use of the work done by teams of trainees at the War College. Figueiredo said that he is sometimes nostalgic for his days as a student and instructor at the General Staff School and the War College, where many doubts that "take him by surprise" as chief of state "used to be cleared up by lecturers, instructors, and comrades." About 150 War College trainees were presented to the president yesterday by their commanding officer, Gen Benjamin Chalub, during a quick ceremony at Planalto Palace. Figueiredo spoke extemporaneously, saying that directly or indirectly, he continues to keep up with the work of the War College.

11798

CSO: 3001/166

INADEQUATE SOUTHERN DEFENSES OF CONCERN TO MILITARY

Inadequate Southern Defenses

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jun 82 p 6

[Text] Porto Alegre--Armed Forces officers in Porto Alegre have admitted to O ESTADO DE SAO PAULO that there is a degree of vulnerability in the defense of the southern borders. Their reasoning is based on the equipment's current state of repair, and the subject has taken on more immediate interest because of the Falklands conflict, although concern over the matter has been expressed for some time. The same sources analyzed the theoretical situation of the units responsible for defense and the way in which they would confront an enemy if there were an attack.

According to their unofficial statements, the situation is one of total "inadequacy," and this serves to bolster the case for reequipping the Armed Forces. They say that the available equipment "is completely lacking in modern mechanisms for accurate firepower." In addition, "the defense systems are vulnerable from the standpoint of equipment, personnel training, and logistic support."

An example is the armored vehicles, which have no missiles--the importance of which was made clear recently in the Falklands War. Even free-flying artillery rockets, considered simpler, are not available. In addition to not having image intensifiers for night vision or laser rangefinders, the tanks designed for use inside the country do not have automatic transmissions, an accessory that is available only to foreign purchasers. It is a known fact that the light wheeled armored vehicles used by the national army--such as the Urutu EE-11, the Cascavel EE-9, and the Carcara--have a different configuration than the export models.

A number of incidents have added to the concern felt by some of those responsible for security. In the 4th Armored Cavalry Regiment in Sao Luis Gonzaga, Rio Grande do Sul, an accident in which a Carcara tank capsized revealed abrasion in the track gears. The same abrasion was later found to exist in other units at the same garrison. The result was that 34 tanks were sent to the shops, making it obvious that national industry has not solved a few technological problems. In a pinch, those troops would have to present the first line of resistance in case of an invasion from the Argentine side.

An officer who inspected the tanks just after the unexpected accident said he was troubled by the effects of abrasion on the safety of the vehicles. He pointed out that the basis of armored power lies precisely in vehicles of the Urutu and Cascavel types and the Carcara. As far as the Carcara is concerned, 34 units are in Sao Luis Gonzaga, 10 are in Alegrete in the new XLA2 version, and the arrival of another 7 is expected.

There are eight mechanized cavalry regiments in Rio Grande do Sul, each with 11 Urutu amphibious vehicles and 20 Cascavel tanks. They are stationed in Uruguaiana (across the border from Paso de los Libres in Argentina), Itaqui, Sao Borja, Livramento, Dom Pedrito, Bage, Santa Rosa, and Porto Alegre. But their precarious condition is also beginning to be discussed, according to information gleaned by O ESTADO DE SAO PAULO from various sources, who consider that the best combat vehicles in the state are the M-41's. There are 50 of those vehicles near the Santa Maria River in Rosario, 400 kilometers from the capital of Rio Grande do Sul, but most of them "are on the brink of obsolescence, despite being regarded as the best."

The lack of equipment insuring accurate firepower in the tanks stationed in the south has troubled the army for some time. That, incidentally, was one of the subjects analyzed in talks with the 3rd Army Command during last May's visit to the south by Gen Antonio Ferreira Marques, army chief of staff.

At another very strategic point in Rio Grande do Sul--Santa Maria, in the center of the state--the howitzers based at the 3rd Self-Propelled Artillery Group (18 105mm M-18 units) are reported to be operating under serious restrictions. This equipment was imported from the United States and is mounted on a combat vehicle chassis. There is no regular supply of spare parts for its maintenance.

Other cavalry regiments have only truck-towed guns. That is the slowest and least modern combination, but it is also very accurate. Studies exist for developing a Brazilian self-propelled gun, but they have been shelved because of the lack of funds, according to a highly placed source who has access to information from the Ordnance Department.

The same source observes that there is an "almost absolute" lack of antiaircraft defense weapons in Rio Grande do Sul. There is only one group--in Caxias do Sul--with radar-guided guns. Another source in the same sector commented that the deficiencies of all kinds in the 3rd Army are the result "of unsuitable and inadequate equipment." For example, he said, there is not a single missile in the whole state.

Unlike the situation in Great Britain, for example, which has career soldiers, Brazilian forces are constituted according to the old French recruitment system. The result is that a tank in a Rio Grande do Sul regiment has only one career soldier--the commander--in its crew. The driver, gunner, and loader are recruits with only a few months of training.

Deficient Southern Defenses Confirmed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 82 p 6

[Text] While Gen Tulio Chagas Nogueira, commanding officer of the 3rd Army, was sending word that not until today would he have anything to say about ordnance deficiencies in his area, which includes the southern frontier region, another general, who recently entered the reserve, was admitting in Porto Alegre that national ordnance may be deficient--adding, however, that the problem "is easy to overcome." The reserve general also noted that the report published by O ESTADO DE SAO PAULO yesterday concerning the condition of the equipment used to defend the southern frontiers "touched on the main point," which in his opinion is the deficiency in question. To overcome it, he advocated the allocation of more funds to research, since "we are behind technologically."

Brazil "is an unarmed power," added the general, who feels that although Brazil is a peaceful country, it is important "to have the power to deter" possible aggressors. In his opinion, much of the equipment now in use is obsolete, and its modernization, he adds, is a matter of "permanent concern" to the army. He advocates an acceleration of the national production of equipment and the gradual replacement of foreign equipment, as was done in the health field.

He said: "In talking about defense, it is also important to analyze the manpower situation." In that connection, the general also proposed an annual increase in strength at a rate, for example, of 1 percent of the population increase. He emphasized that with more manpower, it would also be possible gradually to induce more people to pursue a military career. He even suggested that a study be made of the possibility of lengthening the period of compulsory military service for young people so as "not to have only 10-month recruits." The general also pointed out that the purpose of the increase in manpower would be to insure a manpower level "compatible with the size of the country."

Research Center

Gen Jose Alencastro e Silva, chairman of TELEBRAS [Brazilian Telecommunications, Inc], yesterday suggested to the Armed Forces General Staff [EMFA] that a military research center be established to develop strategic weapons. It would be connected with the TELEBRAS Research and Development Center (CPqD) in Campinas. And he offered an area of 127,000 square meters for the purpose. Gen Alacyr Frederico Werner, minister-chief of the EMFA, visited the TELEBRAS CPqD in Campinas yesterday. He said that "the proposal interests us very much because much of the equipment developed by TELEBRAS has applications in the Armed Forces."

In General Alencastro's opinion, "the Falklands War confirmed something that we already knew: 'smart' machines and devices are going to play an increasingly important role in civilian and military activities. And today, we have already mastered a good deal of the technology involved in microelectronics, communications, and data processing."

Among the various kinds of research that might have an application in the military area, General Alencastro mentioned development of the optical fiber that can be connected to the radar system of a guided missile for communication by laser beam if it becomes necessary to alter the missile's course after it is launched.

Suggestion

General Werner also said that the EMFA has already submitted a plan to the Office of the President for setting up a permanent committee to coordinate scientific and technological matters of joint interest to the individual branches of the Armed Forces.

According to sources at TELEBRAS, however, General Alencastro's suggestion would involve a larger concept, including the establishment of a Ministry of Communication and Information that would coordinate the manufacture of strategic components for the Armed Forces.

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CSO: 3001/166

FRENCH MINISTER'S VISIT TO DISCUSS MILITARY COOPERATION

Rio de Janeiro O GLOBO in Portuguese 26 Jun 82 p 18

[Article by Any Bourrier, Paris correspondent]

[Text] Paris--French Defense Minister Charles Hernu is coming to Brazil for a 4-day visit between 6 and 9 September. This is the first time in the history of Franco-Brazilian relations that a defense minister is showing so much interest in increasing his country's collaboration with Brazil and Hernu's agenda includes, besides meetings with authorities in Brasilia, trips to Itaipu, the Aerospace Technology Center (CTA) in Sao Jose dos Campos and the facilities of enterprises such as ENGESA [Specialized Engineers, Inc], EMBRAER [Brazilian Aeronautics Company] and IMBEL [Ordnance Industry].

Minister Hernu's trip is being prepared in precise detail by experts and technicians on his staff, because it will not be merely a visit of a political nature: the French Government's objective is to step up cooperation with Brazil in the military area. And, as there is no prospect of negotiations for treaties of defense or mutual assistance between the two countries, cooperation between Paris and Brasilia can only be in the field of ordnance manufacture.

"We are not simply arms merchants," emphatically explained a source in the Defense Ministry, to whom the defense minister's presence in Brazil for 5 days does not mean "that his objective is to sell guns."

The French Government, however, is aware that Argentina's defeat in the Malvinas War and the impact caused by the reliability of weapons manufactured in France--especially the celebrated Exocet missile--open the way to negotiations and agreements for joint manufacture of armaments.

The same source explained that France has a distinct position when discussing exchange of military technology:

"We are always ready to collaborate with someone who wants to strengthen his security within a process of developing domestic industry. France is a very advanced country from the technological point of view and has signed important contracts with Greece, Egypt and India. The negotiations took into account the interests of the nation's manufacturers and if we now see possibilities of agreements with Brazil it is because we know it has an ordnance industry of the highest level."

Although when one speaks of French weapons he immediately thinks of the famous Mirage aircraft--which Brazil bought some time ago--the Defense Ministry experts do not put this equipment in first place on the list of possible contracts. The greatest interest of the manufacturers of armament is in the possibility of participating more actively in modernizing Brazilian naval forces, especially in projects for building submarines.

"If Brazil wants to modernize its navy," analyzes a member of Minister Hernu's staff, "we think there is much to be done. And we are willing to discuss specific projects, along the lines of what we sold to Saudi Arabia, whose navy will be entirely of French manufacture and even the seamen will be trained here."

Submarines, the Objective

France also signed an important agreement for cooperation in manufacturing aircraft with Egypt--which bought and is participating in production of Mirage-2000 aircraft --and with India, which recently bought 150 aircraft, a part of which will be built with the aid of local industry. But in the case of Brazil the ministry sources do not see the possibility of negotiating the sale of more aircraft, but merely the replacement of some deficient or obsolete equipment.

"Our interest is really in submarines and we doubt whether the Brazilian military would prefer the German technology, as the submarines made in Germany did not perform any too well in the Malvinas War," remarked a Defense Ministry expert.

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CSO: 3001/182A

EXPORTS FALL ALMOST \$1 BILLION IN FIRST 6 MONTHS

Rio de Janeiro O GLOBO in Portuguese 27 Jun 82 p 30

[Text] Brazilian exports are likely to fall about \$800 million to \$1 billion--or about 7.4 to 9 percent--in the first half of this year, compared with the same period in 1981, according to forecasts of foreign-trade experts and based upon results through May and shipments in the first 3 weeks of this month.

According to estimates by the same sources, foreign sales in the first 6 months of the year should reach \$9.857 billion if June's contribution is \$1.8 billion, or \$10.057 billion if the month contributes \$2 billion. In the first half of 1981 export receipts were \$10.860 billion.

Difficulties

Even these projections are considered optimistic by experts, bearing in mind that the monthly average through May was \$1.6 billion, which resulted in a value of \$8.3 billion in the first 5 months of this year. They say this average was due to the weak performance of January, which contributed only \$1.4 billion.

The setback to official expectations, according to the analysts, is due essentially to a sharp reduction in international prices of the major products Brazil exports, especially those of agricultural origin. As a matter of fact, at the beginning of this year estimates were that exports would generate \$28 billion, for an increase of 20 percent over 1981.

But already in the first quarter, in analyzing the behavior of the market, official circles decided it would be impossible to meet that figure. That was when the goal was lowered to \$26 billion. When the first 4 months ended without any prospects for improvement, foreign-trade officials lowered their projections to \$23 billion, which would be the equivalent of last year's performance.

Caution With Figures

Now, with the first half ending, estimates are still more cautious and a total lower than that of 1981 is even being considered.

As a matter of fact, to repeat the \$23 billion of 1981, the analysts say, the monthly average from July on will have to be \$2.2 billion, a difficult achievement

in view of low international prices--with a likelihood of getting worse in future months--for sugar, cocoa and soybeans. Coffee, although it is not entirely certain, may remain at current levels, should producing and consuming countries come to an understanding in London and renew the International Coffee Agreement, permitting continued regulation of supply.

Available figures show a drop of 50 percent in prices for brown sugar compared with sales made in 1981. The decline in other types of sugar--crystal and refined--is even greater, exceeding 50 percent. As a result, in the first 4 months of this year income from sugar, including molasses, was \$255.8 million less. Ethyl alcohol was also affected, as it generated \$12 million less, with a drop of 20.8 percent in average price per ton shipped.

Statistics of the Foreign Trade Department of the Bank of Brazil (CACEX) indicate a reduction of about 4 percent in cocoa-bean prices, 9 percent for cocoa butter and 15.6 percent for cocoa paste. As there was a reduction in quantity shipped, exchange receipts provided by cocoa fell much more: 47.8 percent for beans, 32 percent for butter and 48.3 percent for paste. In all, \$62.2 million less.

Soybeans and derivatives--meal and oil--are not escaping the general rule. Soybean meal had a decline of 13 percent in average price per ton, from \$259.76 to \$226.14; soybeans declined a little more--from \$289 to \$247.47 per ton, or 14.38 percent. Soybean oil had a proportional decline of 13 percent. As quantities shipped were lower, the soybean complex generated revenues of \$246 million less in the first 4 months.

Thus, three major agricultural export products alone yielded \$564 million less in the first 4 months than in the same period of 1981. Adding in coffee (beans and soluble), with a value \$49.9 million less, the loss comes to \$613.9 million.

Altogether, the reduction of export value in the January-through-May period was \$535.7 million. Had it not been for the much larger shipments of fuel oil--\$126 million more, a 345-percent increase--and manufactured iron and steel products --with \$309.5 million, or 100 percent additional--exchange receipts in the first 4 months would have been 12 to 15 percent lower. Of the 100 products exported, none had a larger contribution in 1982. Even orange juice, selling at higher prices because of the U.S. orange-grove frost, increased only \$22.7 million, or 9.31 percent.

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CSO: 3001/182A

ARGENTINA SEEKS MILITARY SPARE PARTS FROM BRAZIL

PY131527 Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jul 82 p 13

[Excerpts] Brasilia--The conflict in the South Atlantic between Argentina and Great Britain has shown Brazil that it has a militarily much better equipped neighbor, but it has also opened the doors to an arms business between the two countries. The Argentines used to look for their spare parts in Europe or the United States, but now they are looking more to the Brazilian market.

This statement was made by businessman Jose Diniz de Souza, president of Electrometal, a steel company in Campinas (Sao Paulo), who yesterday received the Tecnologia Liceu-1982 Award from President Figueiredo. Since its founding in 1964, Electrometal has been involved in technological research and in developing special types of steel to be used by the Brazilian armed forces. He said that since the beginning of the Malvinas war agreements involving the supply of special steels for spare parts have been made with the Buenos Aires government.

Yesterday Electrometal ran newspaper advertisements stating that if Brazil decides to manufacture the Exocet missile, it is in a position to supply the necessary steel. Electrometal is already supplying special steel to the U.S. aeronautical industry.

CSO: 3001/193

EXPORTS OF INDUSTRIALIZED PRODUCTS DROP 5.2 PERCENT THROUGH APRIL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 82 p 34

[Text] Brasilia--From January through April, Brazil's export receipts were 5.2 percent less for industrialized products and 11.9 percent less for basic goods, compared with the same period last year. Detailed data for the trade balance through April indicate that the overall average of prices paid for major Brazilian manufactured products fell more than those for semimanufactured and primary products. Taking exports of 30 products into consideration, an average price decline of 35.6 percent is noted for manufactured products, while prices for semimanufactured goods declined 21.9 percent and for primary goods, 9.5 percent compared with the same 4 months of 1981.

To obtain \$3.8 billion for all industrialized goods (seminufactured and manufactured, which brought \$4.079 billion from January through April last year), the nation had to export 35.07 percent more volume than in the 4 months of 1981. In the specific case of manufactured goods, exported tonnage in the period was 54.32 percent more than from January through April 1981. Manufactured goods had receipts of \$3.35 billion, compared with \$3.37 billion, or a 0.7 percent decline.

Brazil's income from semimanufactured goods was \$517 million, or 26.6 percent less than the \$704 million in the first 4 months of last year. Unlike manufactured goods, it was not necessary to export larger quantities than last year in order to obtain this income.

Sales of primary products in these 4 months were \$2.6 billion, whereas in the same period last year they were \$2.9 billion, about 11.9 percent less this year than last. These exports were 33.6 million tons, compared with 34.5 million tons from January through April 1981.

Exports of fuel oil derived from petroleum had the best performance, increasing 345 percent over the January-through-April period last year. In the first 4 months of 1982, \$162.5 million were exported, compared with \$36.4 million in 1981. Rolled iron or steel bars and rods also had significant growth, with an increase of 270 percent, followed by cast-iron pipe, with 208.7 percent. Sales of passenger automobiles increased 41.9 percent in the period: \$141.1 million, compared with \$99.4 million in the same 4 months of last year.

Among basic products, the best export performance was recorded by vegetable-oil by-products, with an increase of 1560 percent, followed by beef and leaf tobacco, with increases of 141.1 percent and 47,0 percent, respectively.

Brazilian Exports (January through April, 1982 and 1981)

(1) Produtos	(2) Valor (US\$ milhões)		%	(3) quantidade (1.000t)		%	(4) valor médio (US\$/t)
	1982	1981		1982	1981		
Total geral (5)	6.530	7.086	-7,6	30.770	30.292	1,30	-4,73
- Básicos (6)	2.578	2.926	-11,9	33.043	34.576	-2,7	-4,48
- Industrializados (7)	3.950	4.159	-5,3	4.723	3.534	30,00	-30,70
- Semimanufaturados (8)	517	704	-26,6	1.002	1.130	-9	-21,93
- Manufaturados (9)	3.352	3.375	-0,7	3.711	2.406	74,3	-30,04

Fonte: Ministério da Fazenda (10)

Key:

1. Products
2. Value (millions of dollars)
3. Quantity (thousands of tons)
4. Average Value (dollars per ton)
5. Grand Total
6. Basic Products
7. Industrialized Products
8. Semimanufactured Products
9. Manufactured Products
10. Source: Finance Ministry

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CSO: 3001/172

JUNE INFLATION RATE TO TOP 6.5 PERCENT; ANTI-INFLATION STRATEGY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jun 82 p 27

[Text] Rio de Janeiro--Finance Minister Ernane Galveas acknowledged in Rio yesterday that this month's inflation rate will be over 6.5 percent. He cited as major causes the effects of the Social Investment Fund (FINSOCIAL), which led some sectors to raise prices in order to pass through the cost, and higher prices for wheat and petroleum derivatives. Regarding FINSOCIAL's effect on inflation, he pointed out that "it's part of the market."

Galveas also admitted that inflation greater than 6.5 percent in June would be an undesirable outcome, as it would be more than the government was expecting. But, he believes, that is "not going to be repeated." The finance minister added that this year's inflation will not be greater than 90 percent, because monthly rates in the second half should be about 4.5 percent.

Galveas gave this information to the press after a closed-door address to students at the Naval War College. The finance minister told the military audience that, due to severe balance-of-payments restraints, Brazil's recovery will depend essentially on export expansion, although this will require overcoming "serious obstacles," such as inflation and strikes.

Galveas also asserted that unemployment and declining economic activity in 1981, especially in metropolitan areas where industry affected by declining consumer expenditures is concentrated, resulted from the galloping inflation of 1980, which reached a peak of 121 percent in March last year. With such a level of inflation, he added, public investment was reduced due to lack of funds and private investment slowed down due to the pervasive climate of uncertainty.

"In such a context," he said, "it is a regrettable error to blame monetary and fiscal policies for causing the recession. What generates and feeds recession is galloping inflation. Restrictive measures may aggravate the process at first, but will correct it at later stages. Otherwise--that is, if we leave the process to chance--the system explodes."

According to the finance minister, unless public expenditures are severely restrained and private-sector credit is limited, inflation tends to become an uncontrollable spiral. "The best way to fight inflation would be to attack its causes by holding wage increases, government expenditures, credit and other administered

prices to a rate of expansion less than that of price increases, taking into account, of course, in the case of wages, productivity gains," Galveas asserted.

Strategy

In the face of new challenges, according to the finance minister, the government's new strategy was concentrated on a combination of policies, such as encouraging exports by means of a more realistic exchange policy; pursuing an import-substitution program only in sectors where investments are already underway (petroleum and basic inputs); redefining priorities, especially in the public sector; greater austerity in fiscal and monetary policy; and giving top priority to agriculture, mining, energy and exports. A frontal attack on the basic causes of inflation being [politically] impossible, the government decided on a policy of restricting the supply of credit. But he admitted that "the process is more painful and protracted."

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CSO: 3001/172

BRIEFS

MUNITIONS PLANT TO OPEN--Navy Minister Adm Maximiano da Fonseca will preside 9 July at the inaugural ceremony for the "Admiral Jurandyr da Costa Muller de Campos" munitions factory in Rio de Janeiro, conceived by the Navy Armaments and Communications Directorate (DACM) in conjunction with FI--Industry and Trade, Ltd. The factory was built on Navy property in the industrial district of Campo Grande and at first used the machinery of the former Navy Artillery Factory (FAM). In the initial phase the company, although still essentially private, functioned in Building 7 of the Rio de Janeiro Naval Arsenal. While preparing its new industrial facilities, it entered manufacture of new items of munitions (4.5-inch Vickers cannons and 105- and 90-millimeter ENGESA [Specialized Engineers, Inc] howitzers). [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 82 p 5] 8834

CSO: 3001/172

FINANCE MINISTER DISCUSSES DEVALUATION

Santiago EL MERCURIO in Spanish 20 Jun 82 pp D4-D5

[Interview with Finance Minister Sergio de la Cuadra by Raquel Correa; date, time and place not given]

[Text] His face is easily caricatured, but it does not easily reveal his personality. His strong chin contrasts with his turned-up nose, which gives him a playful look, despite his stern aspect. Very tall and thin--good-looking--he wears his hair in the tousled "lolo" style. "My hair didn't turn out on Monday," he says with a half-smile. This minister, at 40 years, still has traces of the little boy along with the serious look of his long sideburns. Above all, his attitude stands out: terribly rigid--he almost never looks his interlocutor in the face--with incredibly quick responses.

The Chile-Austria game had just finished when he received me for the first exclusive interview he has granted as finance minister.

[Question] So the team lost. Is it the coach's fault?

[Answer] The coach never takes penalty kicks (he answered instantly).

[Question] Will it be necessary to change the team, or the coach?

[Answer] Do you mean the government team or the soccer team, so we won't get even more confused?

The minister is shy and reserved, with a curious mixture of timidity and audacity. It is like pulling teeth trying to get any personal information out of him. He is married to Paula Fontaine, and has four children. When I ask him if he is "macho" he surprises me with an answer that gives an indication of how difficult the interview will be.

[Answer] I am the way I am.

An economist from Catholic University UC, he was a disciple of Sergio de Castro and received his Master's Degree at Chicago. Before that he gave classes at UC, and has never worked for private businesses, nor is he interested in doing so.

[Question] What is the scarcest resource in your life today?

[Answer] I have no scarce resources.

[Question] You are not even short of time?

[Answer] No.

[Question] What do you prefer to do when you have nothing to do?

[Answer] Be with my wife and children, with my family.

(He appears tense, angry, giving telegraphic responses.)

[Question] Are you romantic, or cold?

[Answer] Frigid.

[Question] What moves you or stirs you the most?

[Answer] When people make an effort to achieve some goal and make sacrifices for it.

[Question] What angers you?

[Answer] Human stupidity.

[Question] And what bores you?

[Answer] I am never bored.

[Question] What sports do you play?

[Answer] I never engage in sports.

[Question] What do you read?

[Answer] Magazine and newspaper headlines. Nothing heavy.

[Question] What is your anger like?

[Answer] I never get angry.

[Question] You never shout?

[Answer] As a matter of principle, I never shout.

[Question] What figure in history would you like to have met?

[Answer] I already have met him. President Pinochet.

[Question] With what famous woman would you like to have an affair?

[Answer] No, none of that. I am very loyal to my wife, so

[Question] To whom would you like to be a friend?

[Answer] To my friends.

[Question] Where did you spend your childhood?

[Answer] At home.

[Question] How does it feel to be the only civilian on the Economic Committee?

[Answer] I feel like a civilian, that's all.

Just when I was beginning to fear that the interview would be a disaster, he took the initiative for the first time, and elaborated:

[Answer] There is something very important: the economic team is made up of many people; the finance minister is not the only civilian. There are a lot of others who are working and sacrificing.

After this rough beginning, I asked him the questions that I felt were the most controversial. He appeared much more communicative, although he did not come out of his shell during the 2 hours of questions, answers, follow-up questions and follow-up responses. Of course, he did imply much more than he actually said.

Changes in Team

[Question] Why was the decision to devalue announced by the minister of economics and not you?

[Answer] Because at that time we were engaging in an efficient division of labor.

[Question] To what do you attribute the fact that the Chicago team has been replaced by the generals' team?

[Answer] Who has been replaced? Look: the minister of finance, a civilian replaced by another civilian; the minister of economics, a military officer replaced by a military officer; at the National Planning Office (ODEPLAN), a military officer replaced by another military officer. Where is the replacement? I don't see it. . . .

[Question] Maybe the difference lies in the fact that the finance minister used to be much more important than now. . . .

[Answer] The importance of one minister or another depends on what he does. One could be much more important in terms of protocol, while the other might be more important in initiatives and ideas.

[Question] Jorge Cauas was given the attributes of a superminister, and De Castro inherited those attributes. Has that decree been derogated?

[Answer] I don't know.

[Question] But in practice, it would appear that you are not a superminister.

[Answer] I have never been a super anything, so I am not likely to be a super anything now.

[Question] It has been written that you were the one who proposed the devaluation. . .

[Answer] From the beginning the various alternatives were presented.

[Question] But there was one--the devaluation--that was rejected.

[Answer] During the analysis, that alternative was not rejected.

[Question] Specifically, was the devaluation idea yours?

[Answer] It was the result of a long process of analysis.

[Question] Then isn't it true that it was decided at the last minute by you and the chief of state, without the knowledge of Generals Frez and Danus?

[Answer] No.

[Question] At any rate, you did not like the devaluation, nor did the government economists. One wonders, if you didn't like it, if you rejected it as a bad alternative for so long, how did you end up choosing that option? Or was it imposed by a sector of the government that did not want a wage cut?

[Answer] No. That decision must be seen in light of new events. There is an international situation which has had a slow recovery. That situation is reflected in the price of copper, the lowest in the last 40 years. And here there was an adjustment process--through the free renegotiation of remunerations--that was slower than was assumed.

[Question] The decision to devalue is not a new triumph for the hardliners?

[Answer] I keep hearing about the softliners and the hardliners, but I have never been concerned with labeling people. I don't know who they are or where the hardliners and softliners are.

[Question] In this case, the hardliners were against lowering wages and in favor of devaluing. . . .

[Answer] I don't know.

Control Disaster

[Question] Last April, when you were president of the Central Bank, you said: "It is now definite that there will be no change in the price of the dollar... . What language do I have to say it in?" So I ask you: In what language will we speak now, Mr Minister?

[Answer] In March a series of measures was adopted to correct a fiscal situation, but it was assumed that the international economic situation would turn out differently. Conditions changed.

[Question] Miguel Kast, president of the Central Bank, said last 6 May that "a devaluation would be not only unjustified but also very harmful; it would provoke inflation and lead to the expectation of new increases in the price of foreign currencies."

[Answer] By definition, a devaluation makes prices go up; that is the reason for devaluing. But the idea of leading to the expectation of more devaluations, . . . to a great extent it depends on the confidence of the public.

[Question] Mr Minister, do you honestly believe that there is anything at all left for the public in the economic promises, after so many assurances that there would be no devaluation, only to end up with a devaluation?

[Answer] If you analyze the results of this government's economic policy, compared with that of earlier governments, you have to be quite confident.

[Question] Returning to the devaluation, Gen Frez said on 22 May that to devalue would be "an uncontrollable disaster." Don't you think that devaluing is an uncontrollable disaster?

[Answer] It depends on the conditions under which it is done.

[Question] Under the conditions of this one.

[Answer] That remains to be seen. It is not a disaster, nor is it uncontrollable, if the monetary and fiscal policies that accompany the devaluation are adequate: with a restrictive monetary policy and the continuation of strong fiscal discipline, the devaluation is not an uncontrollable disaster.

[Question] On 3 June Gen Pinochet said that devaluation "would be like morphine: today we would be fine, but in a short time we would enter a spiral that no one could get us out of... ."

[Answer] I think that... . The entire statement would have to be turned around. Traditionally, devaluations took place in Chile because the Central Bank was issuing too much money, and with an excess of money in the economy

foreign currencies were purchased from the Central Bank. Then it was necessary to devalue so that the money would have less buying power, could buy fewer dollars. That is not the case today. The Central Bank has not been creating money to finance the fiscal deficit, and the devaluation was not done because of an excess of pesos in the economy; it was done because there was a maladjustment of prices in the economy.

[Question] But you knew that when you were arguing against the devaluation.

[Answer] That was why other solutions were analyzed as well.

Technical Opinion

[Question] There are those who maintain that a virtual coup d'etat has taken place in Chile, an invisible one, since the last cabinet change.

[Answer] I have no knowledge of any coup... . It must be so invisible that I have not seen it.

[Question] Doubt has arisen, Mr Minister, because people do not know if this idea of lowering wages, which was what you liked, . . .

[Answer] The fact is, people prefer to have prices raised, but without their wages dropping. Perhaps you prefer the same.

[Question] It depends on how much prices go up. If they cut wages by 10 percent and raised prices by 18 percent

[Answer] And what if they had lowered your wage by 10 percent and maintained prices where they were, versus a situation in which your wage is maintained but you don't know how much it will be readjusted, and prices will rise, but again you don't know by how much? It seems that the public prefers to have wages fall through an increase in prices, not through a direct cut.

[Question] And the technician prefers a direct cut?

[Answer] One is the technical solution; the other is the politician's solution.

[Question] In this case, aren't you, as a technician, agreeing with the political solution?

[Answer] For several months the only viable solution people could visualize was the devaluation of the peso. If those expectations stayed, it would be impossible to combat them, and we would have ended up devaluing in any case.

[Question] But, in your opinion as a technician, wasn't the politician's option the best one?

[Answer] The technician cannot evaluate political decisions; that is why he is a technician. Otherwise, he would be a politician. I presented the costs and benefits of all the alternatives.

[Question] And the political costs, too?

[Answer] Not the political costs; just the economic ones.

[Question] Is the political cost high?

[Answer] There is a political cost in any decision or measure.

[Question] Do you think that former Minister De Castro would have agreed to the devaluation, or would he have resigned?

[Answer] De Castro is a very realistic person, and I think he would have done the right thing at the right time.

[Question] That wasn't my question.

[Answer] But that was my answer.

No Change in Path

[Question] The cardinal stated that the devaluation was "the beginning of the end of this economic system," and lamented--as did others--that this decision was not made earlier. What do you think?

[Answer] I pray a lot for the cardinal.

[Question] And what would you ask of the cardinal?

[Answer] That he pray for me.

[Question] What do you think of the fact that, at the most controversial juncture of the economic policy, the Armed Forces (through the generals) have undertaken to direct the economy, and Gen Pinochet is stressing his role as director of the economy? Don't you think government officials should try to keep their distance from changeable policies such as this?

[Answer] First of all, this is not the most controversial juncture of the economic policy; rather, it is a time of real variables that have affected the country. The problem is that there is a very serious recession in other countries and it is hitting us. As for the second part, the chiefs of state are always the directors of economic policy as well as foreign policy.

[Question] For many years Chilean public opinion has separated the military government from the economic policy run by the "Chicago boys." At this time such a distinction is not being made. . . .

[Answer] Since the beginning, this government has chosen an economic path: the market economy. And it has stayed on that path. There has been no major change: prices have not been controlled; policy is still based on equality of opportunity, the right to own property, and the market as allocator of resources. I see no change. . . .

[Question] Intervention in ten banks and financial institutions with state contributions of \$1 billion

[Answer] In the United States there has been government intervention in more than 1,000 savings and loan associations.

[Question] For the market to function properly, the system requires flexible wages, and that was conceded in the Labor Plan. . . .

[Answer] Correct. These inflexibilities exist in the market. But the basic principles of the system have not changed. This is the important thing. As for the rest, the most suitable solutions must be sought as the problems arise.

[Question] Could that criterion lead to the eventual subsidizing of the various sectors of the economy, while still remaining true to the model?

[Answer] If education were subsidized, that would not alter the model.

[Question] And it wouldn't be if beets were subsidized, either?

[Answer] I have been told that beets were not a bad business for the National Sugar Industry (IANSA), and that is why the program was carried out.

Political Cost

[Question] Many who support the regime have expressed regret that the devaluation will erode public confidence, in a sort of "now I don't believe anything the government says, even in its prayers" attitude.

[Answer] I would have to see how many people believe those who say that.

[Question] In that regard, last May former Economics Minister Pablo Baraona said that devaluation would be "political suicide for the government, Argentinization in the Viola style. The expectations for additional devaluations are horrible; the economic situation is worse than ever, and confidence and credibility in the government are going down the drain."

[Answer] He must have expressed that opinion on the basis of what had happened up to that point. If he had taken into consideration other developments that he was unaware of or that were revealed later, he probably would have corrected his assessment. I don't think Pablo Baraona is dogmatic about anything.

[Question] This week, when asked about the devaluation, he said "nothing good can come of this measure."

[Answer] If other alternatives had been taken, instead of saying that nothing would come of it, he probably would have said that something worse would come.

[Question] Continuing with the "never evers," this very week you said the floor of the Labor Plan would "never ever" be taken away.

[Answer] Correct. And the floor was not taken away.

[Question] But it was lowered considerably, to June of 1979.

[Answer] The adjective is yours. It was redefined. If I had been asked if it would be modified or lowered, I would have said yes, but I was asked if it was going to be taken away.

[Question] After learning of the devaluation, the press emphasized that wages would not fall. But they will actually fall because of inflation, won't they?

[Answer] Correct. It is a question of selling at a higher price.

[Question] Your anti-inflationary argument is that there will be no buyers at the new prices. How will the economy be reactivated, then?

[Answer] By selling more abroad and producing here things that used to be imported.

[Question] As for wage cuts, what will happen to those that were already cut?

[Answer] They will have to renegotiate their remunerations again.

[Question] People who do not support the regime believe that the devaluation is like taking a piece out of the model so that it will fall apart. . . .

[Answer] I don't think those who are in charge of the government intend to bring it down, (he says, laughing). That would be

[Question] Some believe they do, in fact, intend to bring down the government.

[Answer] The government would overthrow itself? That would be absurd.

[Question] There are several sectors within the government, and there are those who think the civilian economic team took unpopular steps in order to destabilize it.

[Answer] That is what those who say those things would like to see happen, but it is false. One is not just in the government, but also with the government. It would be diabolical to infiltrate in order to create problems.

Slow to Become Automatic

[Question] Returning to the economy: various measures were taken here to make the economy function automatically, but it did not work the way you expected, and the state had to intervene by devaluing the currency.

[Answer] There are a lot of things that haven't worked the way we expected. No one expected interest rates to remain so high in the United States. We had to restrict spending because we have less credit abroad.

[Question] What would have happened if the credit that came flowing into the country had been wisely invested?

[Answer] Chile's investment coefficient went from 12 percent in 1975 to 19.5 percent in 1981.

[Question] What was the investment in 1970, for example?

[Answer] In 1970 it was 20.4 percent.

[Question] So we are worse off than a decade ago.

[Answer] We are the same, after having recovered.

[Question] Is it true that the International Monetary Fund mission that was in the country a while ago pressured the government to devalue the peso as a condition for lending money to Chile?

[Answer] The IMF has approved the policies we are following. They thought the Chilean economy could be adjusted without changing the currency, but at no time did they reject the possibility of devaluation, although they did not recommend it. They also presented it as an alternative.

[Question] Let us talk of the future. With a restrictive monetary policy there will be less liquidity, and interest rates will rise, correct?

[Answer] No. If more dollars are sold to the Central Bank, there will be more liquidity.

[Question] And from which sleeve will the magician produce the additional dollars, if our copper is selling for 56 cents and our fruit has already been sold?

[Answer] In 1979 private parties liquidated \$774 million at the window; in 1980 they sold \$1.042 billion to the banks; in 1981, \$1.111 billion. You say where will the dollars come from; there are dollars out there and I don't know where they came from. . . We are going to have lower revenues from copper, but we will have the same number of dollars as last year: some \$4 billion.

[Question] Will there be any changes in the monetary policy, or will it stay rigid?

[Answer] The monetary policy that is pursued in a fixed exchange rate system is a passive policy: money is issued when dollars are sold.

[Question] But interest rates will continue to rise. . . .

[Answer] Why? When the business situation improves, liquidity will surge, and they will require less credit.

[Question] How long do you think it will take to produce that effect?

[Answer] It could take a few months: 3, 4 or 5 months. People have to understand clearly that this is not a short-term solution.

[Question] Does that mean that the next 3, 4 or 5 months will be harder than the previous months?

[Answer] I think that prices will go up in the coming months. Probably in July and August we will see a CPI between 3 and 4 percent. Then it will begin to slacken. In the next few months we will also see jumps in nominal interest rates.

[Question] And then there will be a boom?

[Answer] Not a boom, no. A slow recovery. Economies, unfortunately, take years to recover.

[Question] Do you expect the devaluation to lower real interest rates?

[Answer] I think real interest rates will drop when the demand for credit falls off, or when the supply of savings rises.

[Question] How will the devaluation encourage foreign capital to come in, after it has declined in quantity, and especially in time periods?

[Answer] The attraction of foreign credit depends on economic and non-economic factors. I think that the most important thing to encourage credit is the political stability of a country. It also depends on the country's solvency, on the quality of its economic policy.

[Question] How will the situation of the banks be resolved?

[Answer] With time.

[Question] Because this government will not let the banks fail. . . .

[Answer] But the government will not let them ruin it, either.

[Question] Don't you fear that the recently adopted measures will be altered by uncertainty?

[Answer] I have always attached a lot of importance to confidence. So much credit came into the country because there was a lot of confidence. I think that if we maintain the economic policy, we will regain confidence.

First Months

[Question] Do you favor the current high tax rates?

[Answer] It would depend on the desired size of the state. I think that today in Chile it is too big, and that it must be reduced. Shrinking the state would cut taxes.

[Question] The objective of the devaluation is to make imports more expensive, make exports more profitable by producing a surplus in the balance of trade, increase the quantity of money and lower interest rates to produce an economic recovery. Is that the idea?

[Answer] No. It is not as simple as that. More money will come in and there will be more international reserves, but prices will rise, and that price increase will be financed by the surplus in the balance of trade. As money increases in quantity, interest rates will not drop; there is your error. As money increases, prices will probably rise.

[Question] Then why the devil did you devalue the peso? To have more inflation?

[Answer] There will be a period when inflation will be less than the devaluation; during that time it will work. Once inflation reaches the same percentage as the devaluation, the effect will end.

[Question] And is that what you think will happen?

[Answer] . . . Given that we are in a special situation, it should not happen. It will depend on what happens with wages and prices.

[Question] If there is inflation and the Central Bank does not increase the money supply, how will the new prices be paid?

[Answer] Less will be sold.

[Question] Then we get back to the same thing: How will the economy be reactivated, then?

[Answer] By more sales abroad and import substitution.

[Question] Judging by what we have seen, what some have interpreted as a measure to reactivate the economy will be a new source of pressure. . . .

[Answer] During the initial months, yes.

[Question] Do you agree with this measure?

[Answer] It is the appropriate measure at the appropriate time.

[Question] And do your fellow team members on the Economic Committee like the devaluation?

[Answer] That is a personal problem for each of them.

[Question] But they did not want to cut wages. Do the military officers have a more political outlook than the civilians?

[Answer] More than the finance minister, anyway.

More Employment

[Question] There will be strong pressure on the Central Bank to issue more currency, and if it doesn't, we will have a deeper recession. . . .

[Answer] No. Industry will sell more abroad and imports will be substituted.

[Question] And if the Central Bank prints money, as some think it will be forced to do, there will be widespread inflation.

[Answer] The Central Bank will not print more money so that the price increases many companies desire can be implemented.

[Question] By the way, those gentlemen who were waiting around for the dollar to go up so they could strike it rich overnight did get rich. . . .

[Answer] Others sit around at the horseraces trying to get rich. Sometimes they win and sometimes they lose (he smiles sardonically).

[Question] It has been said that these measures are designed to combat unemployment, which has reached 20 percent. Don't you believe that in the short term, because of the devaluation, there will be a serious jump in unemployment?

[Answer] No. Given that businesses have better prices today, they have more incentives to step up production and not to continue laying people off.

[Question] But we are going to have inflation, a low floor, no automatic readjustment of wages, and in a few months our buying power will drop by the same percentage as inflation. In short, wages will fall by means of a loss of buying power, right?

[Answer] If they are not readjusted, sure. But if there is a recovery of productive activity, there will be more job alternatives. Then there will be pressure for better wages, and if one company does not raise them, there will be better alternatives at another.

[Question] Do you believe that?

[Answer] I believe that when there is higher production there is higher employment.

[Question] Wouldn't it have been better yet to lower wages by 10 percent, since in the final analysis, the devaluation will cause wages to fall by a greater percentage?

[Answer] That was just a personal preference. People think just the opposite: they prefer to have their wages maintained and to lose buying power.

[Question] What steps will be taken to eliminate expectations of higher prices and further devaluations?

[Answer] Well, those who want to speculate can speculate.

[Question] When will tariffs be changed?

[Answer] Tariffs will never change.

[Question] And when will the next major devaluation come?

[Answer] The exchange rate was already set with a daily readjustment factor.

[Question] In other words, Mr Minister, there will be no further major devaluations, and tariffs will not rise?

[Answer] Correct.

[Question] And now, how do you expect me to believe that?

[Question] That's your problem. If you don't believe me, go buy dollars.

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RAUL REITERATES SOLIDARITY WITH NICARAGUA

Havana TRABAJADORES in Spanish 1 Jun 82 p 1

[Text] Managua, 31 May (PL)—If we Cubans "only had a loaf of bread for ourselves, half of the loaf should also, by the same right, be for our Nicaraguan brothers," First Vice President of Cuba Raul Castro said today.

The Cuban leader, who arrived in this capital today at the head of a large delegation from his country's government, said that this is "how our revolutionary and internationalist people feel about it."

The army general spoke at a session during which the coordinator of the National Reconstruction Government Council (JGRN), Commander Daniel Ortega, also spoke to initiate the work of joint committees from the two countries, which will investigate the damages and the need for aid.

Ortega emphasized that "Cuba has volunteered its services, as was to be expected, in the face of the tragic situation our nation is experiencing" due to the floods and expressed Nicaragua's gratitude for "this fraternal gesture of the people of Cuba, their government and president, Commander Fidel Castro Ruz."

During the meeting held today, Sergio Ramirez, a member of the JGRN, said that this is the biggest natural disaster Nicaragua has suffered since the heavy rains that fell for weeks on end in 1960.

He explained that it is felt that, once the final evaluation is made, there will still be many areas that are isolated, the number of dead will be in excess of 100, injuries will amount to over \$70,000 and material losses to about \$200 million, or the equivalent of 40 percent of the total exports anticipated for this year.

Referring to what Nicaragua has suffered during the past decade, Raul Castro recalled that Cubans had gone through similar situations because, at the time of the revolutionary victory in 1959, they inherited the consequences of the struggle for liberation.

He added that 2 years later, in 1961, there was the attack at Playa Giron, in 1962 the Caribbean crisis and in 1963 Cyclone Flora, which left 1,500 dead and the loss of large amounts of material resources, "similar," he said, "to what we see here today in Nicaragua."

"As you know, we too have great difficulties," Raul Castro noted, but he said that "for our people, for our government and very especially for Comrade Fidel, it is a sacred duty to come to you to offer our modest fraternal contribution."

BRAZILIAN BUSINESSMAN DISCUSSES NEW FOREIGN INVESTMENT LAW

Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Jun 82 p 35

[Article by Luiz Fernando Victor: "Cuba Seeks Foreign Capital: Decree Law Defines Areas and Establishes Conditions for Foreign Investments"]

[Luiz Fernando Victor is a businessman in the international trade sector and a university professor. He recently sponsored a trip to Cuba by a group of Brazilian businessmen.]

The Council of Ministers of the Republic of Cuba, with the stated goal of expanding the domestic market, its exports and the development of tourism, has just promulgated new legislation concerning the use of foreign capital, collated in Decree Law No 50.

Because of the current interest of this legislation, both to the authorities in our country and to the business sector--public and private, we are describing the basic structure of the decree law here.

Legal Provisions

With a view to the development of profitable internal activities--attractive to foreign capital and in terms of the country's development--general norms in accordance with which the development of economic associations between Cuban and foreign businesses can continue to develop on Cuban territory are established. These associations, which will take the form of mixed enterprises, will have as their main goals:

1. The operation of industrial or tourist facilities or other services existing in the country, which may be leased and/or contributed as capital by the Cuban party; and
2. The launching of new activities through facilities which will be built in the country. The facilities leased will be regarded as the property of the Cuban state. The new facilities will revert to the Cuban party when the association is terminated.

In order to obtain approval, an association must submit a basic project clearly defining the terms of maturity for the investment and the resulting

recovery of the capital invested, and the actual profit to be obtained, which will make the investment attractive to the parties.

The parties in the structure of these associations will be Cuban enterprises or groups of enterprises, physical persons, private or public enterprises, independent of their legal form and having actual market and production experience and financial resources.

The mixed enterprises established will take the form of corporations. All of their stocks must be registered. They will be regarded as Cuban enterprises, with headquarters on Cuban territory. They may establish branches, affiliates, offices and agencies throughout the world. They may further invest in public or private enterprises in any country. The relationship between the parties and the internal management system will be regulated by the company bylaws and by agreement among the stockholders.

When an enterprise is established, the parties will assume the following basic commitments:

1. The stockholders will assume the commitment not to alter their stockholding structure without prior authorization from all of the stockholders; and
2. The Cuban state will assume the commitment to respect the legal personality of the enterprise, giving it full independence of management both in its sector of the production process, as well as in the fields of engineering, marketing, personnel, finance, the signing of contracts with domestic and foreign enterprises, etc. It is also free to establish the accounting system for use in the operational activities of the enterprise, "provided that the system adopted is consistent with the universally accepted principles in the sector and allows it to meet fiscal requirements."

Company Capital and Financial Structure

Company capital may be made up out of contributions in money, leased assets or those held for temporary use, land, equipment for processing and/or production, tools, raw and other materials and other assets agreed upon by the parties.

The evaluation of assets for capital contributions will be effected in terms of freely convertible currency, by joint agreement between the parties. In principle, the foreign participation will be limited to 49 percent of the company capital. Exceptional cases may be approved by the Council of Ministers such as to allow the foreign group majority or equal participation.

All of the facilities leased or contributed by Cubans must be insured in favor of the Cuban partner. The policies should, by preference, be issued by Cuban insurance companies, which will collect premiums and offer contractual conditions which are competitive on the international level.

The bank accounts of the mixed enterprises will be handled by Cuban banks, in freely convertible currency.

For the following purposes, conversion into Cuban currency, using the official rates, is compulsory: payment of wages, for services and other payments, when based on a rate given in Cuban pesos; payment of taxes and other fiscal obligations, when expressed in Cuban currency; and any other monetary exchange.

The enterprises will be allowed to contract loans in freely convertible currency, both with the National Bank of Cuba and foreign banks, in accordance with the national regulations.

The Cuban state reserves for itself the right to ask for guarantees of fulfillment of the commitment assumed (bidbond) from the foreign partner before the establishment of the enterprise is authorized. If the guarantee is in freely convertible currency market interest will be paid. The foreign partner will receive some guarantees on investment return from the Cuban state, as follows:

Free transfer abroad, in convertible currency, through the National Bank of Cuba, for resources pertaining to the payment of dividends and/or **net** profit earned;

Payment received from the Cuban party for the transfer or sale of stocks;

Its portion in the event of contractual liquidation of the enterprise; and

Total repatriation of its assets, in the event the activities of the enterprises are suspended unilaterally by the Cuban state.

Tax Regime and Reinvestments

The enterprises established, their partners, directors and officials, as well as foreign enterprises which are parties to the contract, their directors and officials, are exempt from the following taxes: on gross income, on the income of individuals, on transfers of real property and on commercial activities.

The mixed enterprises will be liable for payment of the following taxes: 30 percent on net profits; 30 percent on the payroll and other benefits paid to Cuban workers, excepting those pertaining to the Workers' Economic Incentive Fund; customs duties and other minor fees charged on vehicles, legal records, etc.

All tax payments will be made in convertible currency, even when expressed in Cuban currency.

Where projects regarded as of great interest to the Cuban economy are concerned, the State Finance Committee is authorized to grant temporary exemption to foreign and Cuban enterprises and parties, in full or in part, from taxes on income and customs duties.

Commercial Activities of Enterprises

The commercial activities of the enterprises will be managed by their directors, including the right to import and export their supplies and finished products freely.

Without prejudice to this right, first choice in the following activities is reserved for the state enterprises, provided they offer price and other purchase and sale conditions which are competitive on the international level: purchase of fuel, raw and other materials, tools, equipment, replacement parts, accessories and consumer goods; purchase of the production or services of the mixed enterprise; and transportation and maritime insurance.

Labor System

With the exception of management cadres and skilled technicians, the labor force must be Cuban.

Contracting for foreign personnel will be done at the free choice of the enterprises, including the wages and additional benefits offered.

The rights and duties of foreign personnel will be established a priori. Among these, the following might be pointed out: facilities for entry into and residence in Cuba, in the "temporary residents" category; medical and dental care and other services from Cuban agencies; free transit in the country; exemption from the income tax; and the right to remit two-thirds of their assets free of charge through the National Bank of Cuba.

The selection, acceptance, training and dismissal of Cuban personnel will be entirely the responsibility of the enterprise, as well as the establishment of the wages to be paid.

However, the enterprise will not contract for Cuban personnel directly. The mixed enterprise will contract with a Cuban enterprise, which may be the party in association, for the hiring of personnel.

This contract, which may at any time be amended, will stipulate the personnel cadres of the enterprise, the wages and benefits paid to workers, the fact that the hiring of the workers is effected by the enterprise with which the contract is signed, the fact that all of the workers' rights will be taken on by that enterprise, including the payment of indemnification on dismissal, the amount of the monthly payment to the enterprise with which the contract is signed, which will be equal to the wages and benefits, multiplied by the number of workers, and the fact that the executives will be paid salaries corresponding to those of the foreign executives.

Currently, the compensation paid to Cuban workers is based on the following wage scale:

In Cuban Peso (1 Pesos = U. S. \$1.26)

<u>Category</u>	<u>From</u>	<u>To</u>
Workers.....	93.30	240
Department heads.....	106.74	296
Shift foremen.....	111.08	280
Office heads.....	128	296
Administrative and service employees.....	96	231
Basic technicians.....	128	198
Middle level technicians.....	171	250
University level technicians.....	211	326

Apart from this scale, the mixed enterprises can utilize the system linking workers' wages with production results.

Conclusion

The structural changes through which the production capacity and the development of technology and science in Brazil are passing are known to all.

These changes have had substantial repercussions on our trade balance, justifying the following conclusions:

1. Exports of manufactured goods exceed exports of primary goods, with a rather diversified product structure, accounting for more than 60 percent of the export total in 1981.
2. It can be said that our export structure no longer depends on a few primary products. For us, a variation in the interbank rates in the international sector is more representative than the variation in coffee or soybean prices. In 1981, no product accounted for 10 percent of the export total, with the main products exported being soybean middlings, transportation equipment, metal ores, mechanical apparatus and boilers and coffee.
3. There has also been a structural change in terms of the destination of goods and services. While some years ago we depended basically on the North American and Western European markets, other regional markets, such as the LAIA, Eastern Europe, Africa and the Middle East, have steadily been gaining importance. The United States, although it retains its individual rank as the largest Brazilian customer, is no longer the market director for our business. The EEC and the LAIA surpassed it in 1981.
4. An analysis by regions, in terms of the trade balance figure--which represents our capacity to pay the foreign debt and to purchase the products necessary for the functioning and growth of our installed capacity--shows that the most important regions for our country are the EEC countries, Eastern Europe and the LAIA countries.
5. An optimistic forecast for 1982 shows that we may reach an export total of U. S. \$25 billion. A rough current survey of our disbursements provides the following picture:

Interest and amortization of the debt.....	U. S. \$17 billion
Oil purchases.....	U. S. \$ 9 billion
Negative balance for B services.....	U. S. \$ 5 billion
Total disbursements.....	U. S. \$31 billion

The heavy dependence on the international financial sector reflects the path of our maturing as a nation--seeking new markets, fighting for them and making our relations with all nations permanent, independent of political and social regimes.

The new markets and those producing the largest balances should merit our special attention. Cuba, with a population of 10 million, and imports worth U. S. \$5 billion per year, including 1.5 to 2 billion from the capitalist world, is a market of the greatest importance to our country. Recent surveys show that we could export goods worth about U. S. \$200 million annually, with few imports required.

Therefore, the new foreign capital law in Cuba emerges as a liberalization of importance to Brazilian businessmen. It becomes possible for us to establish supply and technical aid centers there for the whole of the Caribbean and Central American areas immediately. An advance in our maturity as a nation calls for contemplation of and a decision on this matter.

5157

CSO: 3001/177

HAVANA REPORTS ARRIVAL OF CONGOLESE PRESIDENT

[Editorial Report] Havana Domestic Television Service in Spanish at 2000 GMT on 9 July begins live color coverage from Havana's Jose Marti International Airport of arrival of Col Denis Sassou-Nguesso, president of the People's Republic of the Congo and the Congolese Labor Party, who is visiting Cuba at the invitation of President Fidel Castro.

As coverage opens, the aircraft carrying Colonel Sassou-Nguesso is seen overflying the airport. The camera pans the terminal building where a large portrait of the visitor hangs on the facade. On the tarmac, a group of Congolese men and women is seen singing songs and waving flags. The aircraft lands at 2003 GMT and taxis toward the terminal building.

At 2009 GMT, the Air Afrique airliner stops in front of the terminal building. Cuban President Fidel Castro, accompanied by unidentified Cuban officials, walks toward the aircraft ramp.

At 2010 GMT, the visitor descends the ramp and embraces President Castro. Other members of the Congolese delegation shake hands with President Castro. Castro and Sassou-Nguesso walk to a designated area on the tarmac, where the two stand at attention while the army band plays the national anthems of Cuba and the Congo and an artillery unit fires a 21-gun salute. The two presidents proceed to inspect the guard of honor.

The two presidents shake hands with Cuban party and government officials standing in the receiving line as well as members of the diplomatic corps accredited to Cuba and officials of the Embassy of the Congo.

The group of Congolese men and women as well as Cuban people standing on the tarmac and observation deck of the terminal building continue to chant slogans of friendship welcoming the distinguished visitor.

At 2021 GMT, Sassou-Nguesso and Castro stand at a designated spot on the tarmac and the army band and the guard of honor pass in review before them. The two presidents get into a limousine and depart the airport.

Coverage ends at 2024 GMT and the camera returns to the studio.

CHAPTER OF ANTI-IMP TRIBUNAL SET UP IN HAVANA

FL092349 Havana Domestic Service in Spanish 2300 GMT 9 Jul 82

[Text] At the Solidarity Hall of the Havana Libre Hotel in this capital, the Cuban chapter of the Central American Anti-Imperialist Tribunal was established today. Guillermo Torriello, president of the tribunal, recalled that the court had been established last year in Managua, Nicaragua, so that it would serve as a permanent vehicle for hearing all of imperialism's outrages.

Torriello added that counting this one established today in Cuba, there are now 24 countries with chapters of the tribunal. The outstanding Latin American intellectual and politician said the Cuban people, since the revolution's triumph, have been and will continue to be the most combative anti-imperialist tribunal in America, and stressed that Castro's voice has reached all corners of America so that we all may have an anti-imperialist awareness.

Torriello stated that the Cuban people are an inspiration for the tasks being conducted by the Central American Anti-Imperialist Tribunal, inasmuch as a day does not go by during which Cuba does not denounce the crimes perpetrated by imperialism, not only against Cuba but also against fraternal peoples.

Dr Francisco Varona Duque de Estrada, president of the Cuban chapter of the Central American Anti-Imperialist Tribunal, read the document establishing the organization and noted the timeliness of its creation in the face of the neofascist policy predominating today in Washington.

The ceremony was also chaired by Jesus Montane Oropesa, alternate member of the Politburo and member of the party secretariat; Central Committee members Severo Aguirre, Manuel Pineiro and Wilfredo Torres; Ricardo Alarcon, alternate member of the Central Committee; Melba Hernandez, executive secretary of the Afro-Asian-Latin American People's Solidarity Organization; and other personalities.

CSO: 3010/1899

GAS PIPELINE POLICY SEEN AS ANOTHER U.S. ERROR

PA091554 Havana International Service in Spanish 0000 GMT 9 Jul 82

[World events commentary]

[Text] Anger is a bad counselor. This has been said for centuries by philosophers and politicians. However, it would seem that U.S. rulers do not take this precept into account, and for this reason they commit the same errors over and over.

A little over 2 years ago, arrogance led the then U.S. President James Carter to impose a grain embargo on the USSR and declare a boycott on the 1980 olympic games held in Moscow. Neither of the two measures had the expected results; on the contrary, they ended in overwhelming failure and caused great harm to U.S. farmers and athletes.

Now, President Ronald Reagan, ignoring these past events, has decided to sabotage the construction of the gas pipeline being built by the USSR along 4,500 km of swamps, forests, tundras, rivers and mountains to ship over 40 billion metric tons of gas a year from Siberia to Western European countries.

The U.S. decision to forbid European companies or U.S. affiliates to provide equipment or material for this purpose has evoked angry protests from its allies on the continent. (Peter Reid), the British minister of trade, accused the United States of exporting unemployment to Europe, while Lord Cockfield, secretary of state for trade, cited old British ordinances for the protection of economic and sovereign interests when he stated to Parliament that the U.S. intention of applying U.S. laws abroad is unacceptable to the London government.

For his part, French Foreign Minister Claude Cheysson has just told the WASHINGTON POST that the U.S. embargo on the sale of equipment to the USSR for the construction of the pipeline through Europe is an act of economic warfare against Moscow that the West Europeans condemn.

Considered by specialists on the continent as the deal of the century, since it is the most important transaction to be carried out between the USSR and the European capitalist countries since the end of the Second World War,

the pipeline has obvious advantages for the latter countries, since it gives their decadent enterprises contracts for over \$4 billion in spare parts, in addition to which they receive in exchange an important source of cheap energy.

The USSR had considered to opportune to contract for the supply of the pipes, compressors and other equipment from European and Japanese firms in order to accelerate the laying of the pipeline, but this led the United States to presume that the socialist country was unable to produce those items.

Once again, ire and arrogance have clouded the understanding of the Washington leaders. They forgot that the USSR is the country that first placed an artificial satellite in orbit, the first country to put a man in space and the only country that maintains an orbital laboratory in space. How can one be unaware that it is capable of resolving a problem that is much less complex?

A well-known adage says that every cloud has a silver lining, and in this case the measures of pressure applied to the USSR, far from preventing or delaying the construction of the pipeline, have helped to speed up the progress of the gigantic project. The Soviet engineers and workers have made this enterprise a matter of national pride and have responded to the restrictions imposed by Washington on its allies with pledges to complete the plans and deliveries of parts and equipment before the scheduled dates.

Gigantic pipes, turbines, engines, gas pumps, compressors and other equipment are already being produced in great quantities in Soviet factories to replace those that were lost through the U.S. boycott.

The facts will tell. The USSR, which owns 1/3 of the world's natural gas reserves, is the only country that can supply safe and cheap energy to the European countries. That fact cannot be ignored or rejected.

CSO: 3010/1900

DAILY SCORES CONDITIONS IN SANTIAGO FACTORY

Havana TRABAJADORES in Spanish 31 May 82 p 2

[Article by Jorge Rivas Rodriguez: "The Hygienic Conditions Under Which Workers in the 30 de Noviembre Factory in Santiago de Cuba Work Are Alarming"]

[Text] How much longer can the workers live in such filth? Over 5 tons of raw materials ruined due to negligent management! A collective that is a victim of disorganization and a lack of exigency.

During a tour of the indomitable province of Santiago de Cuba, TRABAJADORES requested permission to visit a 30 de Noviembre Enterprise for the Manufacture of Household Articles and Hardware worker collective about whose achievements in production and defense we had received very encouraging reports.

However, on arriving at the factory, we were appalled at the deplorable hygienic conditions we observed there and the worrisome deterioration of certain raw materials improperly stored in several outside areas.

How Can Production Goals Be Achieved in the Midst of Such Disorder and Lack of Hygiene?

Among the production achievements of the 470 workers who work at this economic organization are fulfillment of 112 percent of their technical-economic quota for 1981 and the creation of a business volume of over 2.3 million pesos during the first 4 months of this year 2 weeks in advance of their deadline. So it is appropriate for us to ask: How could they achieve these goals in the midst of such disorder and lack of hygiene?

In Workshop 01, where screws are manufactured, refuse cans and waste raw materials are jumbled together with finished products while workers' access to the machines installed there is blocked.

We could also see that many workers do not use devices for their personal protection in performing their jobs.

"We don't have enough gloves for all the workers. Others have protective devices but don't use them," noted Eduardo Quiala, the second secretary of the enterprise's labor union office.

An Inconceivable Reeding Ground for Insects and Rodents

The slovenliness and disorganization is no less impressive at the rear door to Workshop 01. That spot — more than an entrance to or exit from the factory — seems to be a communal dump: Building materials, pieces of wood, containers and cans overflowing with waste materials, among other things, become an inconceivable breeding ground for insects and rodents right in the middle of the factory.

Negligence and bungling are also evident round about the workshop. The green areas are covered with refuse from the shop.

"For several days now we haven't been able to get rid of the garbage because there are transport problems. That's why the workshop is a little dirty and disorganized," Eduardo Quiala said.

We were able to ascertain that the garbage collectors — obviously — have only recently, perhaps during the past few weeks, been making pickups there. And the areas around the factory? Could so much waste material have accumulated in only a few days? Was not the management of this economic organization aware of the distressing situation? How much longer can the workers live in the midst of filth?

Astonishment Surpassed Bounds

Moving on to Workshop 04, where nails are manufactured, we came across scenes similar to or worse than those described above.

In this other workshop, a considerable amount of space had been turned into a storeroom for finished products, while boxes, paper and other discarded materials were scattered about, apparently in such a way that workers and foremen had already gotten used to the disorder.

"If a fire were to break out here, many of us would lose our lives, either burned or trampled to death. What would it be like with all of us trying to get out with all this junk and these boxes lying about? We are tired of proposing at production meetings that they finally provide us with a storeroom!" said Elio Cabrera, the secretary general of the union local at the factory.

Then he pointed out that a payroll-control office had been set up in the production area of the workshop, in which two women workers work who suffer from the effects produced by the noise made by the machines in operation — above 100 decibels — which has caused many workers to completely lose their hearing.

"Over a year ago the administration promised to transfer our female comrades to another office. All these months they as well as we have been demanding that they implement this measure, but nothing has yet come of it," Cabrera asserted.

Through the Administration's Negligence Dozens of Tons of Raw Material Have Been Ruined

At the end of our visit to Workshop 04, we toured the grounds outside of it. We can honestly not find words to describe what we saw. The volume of raw material — rolls of wire for nails — that is ruined lying in the grass and subjected to the constant action of the sun and rain is inadmissible!

"Through the administration's negligence," Elio Cabrera said, "dozens of tons of raw material have been ruined here because it is stored outdoors and, after being damaged by the weather, it is of no use for production. We are aware of this and it pains us, all the more so when almost every month we fall short of fulfilling our quotas due to a lack of these resources."

This worker stressed the fact that "we are tired of raising this problem when the response is: It doesn't matter that the wire is ruined because it will be sold for recycling of raw materials. A few weeks ago and on our own initiative, we brought several rolls into the workshop, but space is very limited there and we found ourselves to be doubly encumbered."

This is what workers asserted at this establishment of the Enterprise for the Manufacture of Household Articles and Hardware, which is at present losing in excess of 5 tons of raw material due to management that is negligent in avoiding this wastefulness.

Everything We Observed at This Economic Organization Is Irritating

We are most concerned over the management of this factory's lack of interest and the ineffective action of the union in the search for solutions to these problems.

Is it possible that the management of a factory that annually produces over 10 million pesos cannot provide better hygienic conditions for its workers?

Now less than ever can our country squander any raw material. With regard to this, our commander in chief has on repeated occasions called on the Cuban proletariat to become more aware of the situation and fight to save all resources and materials capable of being recycled. Why do the alarms sounded by the workers go unheeded and why do we gamble with the shaping of their economic awareness in accordance with the development of the creation of a socialist society?

This enterprise's collective is striving to improve the quality of the products they manufacture, among which are nails, screws, nuts, washers and other fittings of different sizes and types which are used in the various industries of our national economy. That is why it is deplorable that they should go on being victims of disorganization and a lack of exigency on the part of both management and their union.

It is fitting to bear in mind that all these situations constitute infractions of different legal standards — such as Law No 13, which regulates job safety and hygiene activities, and Executive Decree No 27 regarding hygiene and

public morality — and obstruct the normal flow of production in not providing minimal health, organizational and environmental conditions.

It is important to note that there will be more productivity with better organization. How much effort is being wasted at this enterprise through the lack of concern for organizing everything properly and promoting better conditions for the workers to do their jobs in?

It Is Inadmissible for Such an Important Production Sector to Continue to Operate in Such a State of Filth and Disorganization

Before leaving this topic, let us focus our interest on learning some things about the effort the workers are making in defense of this factory's public property, to in this way achieve part of the original purpose of our visit.

"Almost all the workers are members of the Labor Watch. We have organized 37 squads, one of which daily takes its turn at making the rounds in three shifts, from 2300 to 0700 hours," Eduardo Quiala said.

The head of the enterprise's union office said that 210 of their workers, who are members of the Metalworkers Union, last 16 April received the certificate of recognition the National CTC [Central Organization of Cuban Trade Unions] grants to those who participate in an outstanding way in the preservation of property at their places of work.

Their worthy effort in the organizing of this important task also earned them a similar incentive which was conferred on them by the CTC and the National Metalworkers Union in the province and other awards from the MININT [Ministry of Interior] and labor movement leaders in this eastern territory.

It is up to the metalworkers who work there to assume a leading role in this campaign. While it is important to achieve in terms of production and at the same time guarantee the preservation of public property, which belongs to everyone, it is just as necessary to maintain hygienic conditions at our places of work and combat any behavior that attacks the normal development of habits of collective coexistence during working hours.

The management of the 30 de Noviembre Enterprise for the Manufacture of Household Articles and Hardware should respond to this distressing situation in a critical and active way.

11,466
CSO: 3010/1730

LITERACY TEACHERS DEPART FOR RURAL ETHIOPIA

Havana JUVENTUD REBELDE in Spanish 6 May 82 p 3

[Article by PL correspondent Victor Carriba]

[Text] Addis Ababa, 6 May—Over 21 teachers and students are leaving today for rural areas in Ethiopia to initiate the seventh phase of the national literacy campaign.

This new phase of the literacy operation begun in July 1979 and which so far has taught over 9 million people to read and write should include 1,375,000 illiterates, situated in different regions and who have not yet participated in the campaign.

This seventh phase, which is to begin next Friday and will last until next September, will be novel in that it will include five new languages in the literacy courses.

Until now, the campaign has only been developed in 10 languages and raising the number to 15 will make it possible for classes to be taught in the languages spoken by almost 90 percent of the population.

The six earlier phases have led to a great reduction in the illiteracy rate in Ethiopia, which was about 93 percent at the start of the campaign and is now 63 percent.

Teachers Seminar

The second teachers seminar of the contingent of Cuban educators in Ethiopia will begin in this capital to discuss 28 projects on different aspects of education in this African country.

The forum will examine teaching materials composed by 30 Cuban and Ethiopian authors and coauthors which have to do with the elaboration of educational programs, teaching materials, working with child-care center children, the subject, the history of physics, and the study-work system.

Position papers on the improvement of programs in various special fields and school organization will also be presented.

According to the information we received, a paper prepared by an Ethiopian educator relating to "objectives of communist education" will also be discussed.

Simultaneously with the opening of the seminar, an exhibit of teaching materials prepared by the members of the Cuban internationalist education contingent in Ethiopia will be inaugurated. The exhibit will also cover different aspects of the Cuban revolution's achievements in the field of education.

11,466
CSO: 3010/1730

TOURIST ORGANIZATION HEAD PROMOTES TOURISM

Havana TRABAJADORES in Spanish 9 Jun 82 p 1

[Article by Silvia Johoy]

[Text] "We are encouraged beyond measure at having you here with us and at having the opportunity to talk with you. Your valuable initiatives and suggestions in this kind of exchange of ideas have proven themselves to be an effective way of getting closer to one another, shortening geographical distances and strengthening the ties that unite us."

This is how Jose Luis Padron, the president of the Cuban Institute of Tourism, expressed himself in his welcoming speech to the delegates and guests attending the Third Travel Agents Convention (Travel Trade Show), CUBATUR '82, held in Convention Hall in this capital.

Presiding over the inaugural proceedings were Pedro Miret Prieto, a member of the Council of State, Minister of Culture Armando Hart Davalos, President of the National Assembly of the People's Government Flavio Bravo Pardo, President of the Provincial Assembly of the People's Government of Havana Oscar Fernandez Mell and government and INTUR [National Tourist Institute] leaders.

During his speech the top tourist official referred to the dirty tricks employed by the Yankee imperialists to exercise their blockade against our country in this field, concerning which he said that "the Americans are not the only customers for our tourist product, they are not the only ones who travel to Cuba, nor do they even constitute our chief source market. Cuba has many friends and thousands of people from different parts of the world who are traveling to Cuba in growing numbers with an evident interest in getting to know our country, our revolution and our people. We welcome all Americans who want to visit our country; our doors will always be open to them."

Regarding tourism in Cuba, he said that "I conceive of it as a dove in constant flight, the bearer of a message of love and peace. We want to promote a gay, but fitting kind of tourism."

In the course of the welcoming session, a message of greetings from the secretary general of the World Tourist Organization (WTO), Mr Robert C. Lonati, was read. J.D. Wachter, the secretary general of the Universal Federation of Travel Agency Associations, and Atkins Graham, the president of UNITOURS, also spoke at this first session.

BRIEFS

WORKERS RECEIVE MEDALS--The 20 years-of-vigilance medal has been awarded to 1,200 Havana city government workers in a ceremony presided over by Commander of the Revolution Ramiro Valdes, member of the Politburo and minister of the interior. During the ceremony held yesterday at the Interior Ministry's [MININT] State Security Department, the 28 September medal was awarded to Politburo member Julio Camacho Aguilera, first secretary of the party in the province, Central Committee members Jorge Valdes Rodriguez, second secretary of the party in Havana City Province, Brig Gen Pascual Martinez Gil, vice minister of the interior, and Brig Gen Luis Barreiro, member of the MININT high command [rank and position as heard]. The clandestine struggle combatant medal was awarded to Div Gen Jose Abrahantes, member of the Central Committee and first vice minister of the interior. [Excerpt] [FL101130 Havana Domestic Service in Spanish 1000 GMT 10 Jul 82]

PANAMANIAN, GRENADIAN LEADERS SEND CONDOLENCES--Panamanian Chief of State Aristides Royo has expressed condolences for the death of the outstanding revolutionary Raul Roa Garcia in a letter sent to our Commander in Chief Fidel Castro, first secretary of the party and president of the councils of state and ministers. The letter expresses the grief of the Panamanian people over Roa's death and recalls the foreign minister of dignity's historic UN speech in defense of Panamanian sovereignty. From St Georges, the New Jewel Movement's Politburo, headed by its top leader, Maurice Bishop, has expressed condolences for the death of the Cuban revolutionary. Grenadian leaders and numerous other persons have visited the Cuban Embassy in the Grenadian capital to sign the book of condolences. [Text] [FL101615 Havana Domestic Service in Spanish 1415 GMT 10 Jul 82]

UNGA SPECIAL SESSION CALLED 'DISAPPOINTING'--United Nations--Cuba has termed disappointing the results of the second special period of sessions of the United Nations General Assembly on disarmament, which ended without substantial results. Cuban Ambassador Luis Sola Vila said in a speech that during the 4 weeks of negotiations the hopes for achieving a comprehensive disarmament plan had been frustrated. [Text] [FL121526 Havana Domestic Television Service in Spanish 1450 GMT 12 Jul 82]

CSO: 3010/1900

'VENCEREMOS' CRITICIZES RECENT CDC MEETING

PA091416 (Clandestine) Radio Venceremos in Spanish to El Salvador 0230 GMT
9 Jul 82

[Text] The so-called Central American Democratic Community [CDC] has just held a meeting in San Salvador, which was attended by Costa Rica, Honduras, El Salvador and Guatemala. This body, whose creation was inspired by the Reagan administration to develop its intervention plans, released resolutions which really call for reflection.

The CDC states that it adheres to democracy by respecting human rights. It is really preposterous to listen to the Guatemalan foreign minister talk about democracy when the fascist Guatemalan regime has just decreed the death penalty for the patriots of that country and in just a few months has led thousands of peasants to death by massacring them in the most dreadful manner. They talk in Guatemala about democracy in the midst of fierce repression against the university, the Church, the political parties, the unions and all the Guatemalan progressive sectors. The same is true in El Salvador, where there is no freedom of speech or even the slightest respect for human rights.

The CDC, an intervening body, talks about nonintervention at a time when the Reagan administration is bribing its member countries by offering them economic aid in exchange for allowing intervention against the Central American peoples, against the Guatemalan and Salvadoran peoples seeking liberation and against the Nicaraguan revolution.

They are talking about nonintervention at the very time when Honduran troops are trampling El Salvador's national sovereignty and intervening in our country. They are talking of nonintervention at the very moment when Salvadoran pilots are receiving training at the Yankee bases to use napalm as a last resort against our people. They are talking about nonintervention when the number of U.S. advisers in Honduras is double the amount in El Salvador, and when there are 100 Yankee advisers in Honduras preparing intervention.

The lifting of the sanctions Carter imposed on the Guatemalan dictatorship; the delivery of arms and planes to the dictatorships in the area; the intervention by Honduran troops in El Salvador; the constant trips through Central

America by General Nutting, coordinator of intervention plans, in his capacity as chief of the U.S. southern command; the forthcoming trip [to the United States] by [Honduran President Roberto] Suazo Cordova to meet with Reagan; and now the incredible inclusion of the Guatemalan dictatorship in what they describe as the Democratic Central American Community are the most shameful steps in the coordinated general plan to intervene in Central America.

The CDC is but an instrument of Reagan's foreign policy. It is one more of those instruments imperialism has created throughout history to keep dominating Latin America. The economic blackmail against our countries is an instrument created by Washington with the same arrogant disdain with which it created the instruments of domination it subsequently abandoned through Gringo support to Britain's colonial adventure in the Malvinas Islands. The CDC is a means to intervene and to dash the democratic hopes of the Central American people.

CSO: 3010/1901

LEGAL AID REPORTS CONTINUED HUMAN RIGHTS ABUSES

PA112039 San Salvador EL MUNDO in Spanish 10 Jul 82 p 12

[Paid advertisement by the Christian Legal Aid of El Salvador: "Human Rights in April, May and June"]

[Text] The political event that ended on 28 March with the election of the constituent assembly members was described by some sectors and political parties as a victory for the Salvadoran people.

At the end of that political process, many international news agencies asked us to express our opinion. As only a few hours had passed since 28 March, we said clearly that we could not then give an opinion as to whether the electoral process was indeed a victory for the Salvadoran people. Rather, it would be the actions of the elected rulers and the specific results of their acts of government that would determine whether or not the process amounted to a victory for the great majority of the people. Therefore, it was necessary to wait for a while, though not without the desire and hope that respect for human rights would increase.

Since legal aid is an institution that was founded to provide legal assistance to people of lower incomes and, most important, to strive and struggle, in the legal context, for respect for human rights, we briefly analyzed the status of human rights at an opportune occasion in the course of the electoral process. We said in that analysis that it was very painful for our people to note that at the same time that different appeals were being made for the people to go to the polls, deplorable acts were being committed in all corners of the nation. Incidentally, we were not referring to the deaths caused directly by the armed confrontations, but to those that occurred outside of combat, involving people who were kidnapped from their residences, from their places of work, from bus stops or on the country's highways. Their bodies were often found later and there was no sense of an obligation to investigate. Thus, we asked those who were promoting the electoral process at the time to give up the persistent practice of violating human rights as a demonstration of their good intentions, at least for the duration of the electoral process.

Our request went unheeded. On the contrary, with or without bad faith, it was interpreted as a declaration of opposition to the electoral process, during the course of which, from January to March of this year, and outside

of the fighting, 1,524 dead bodies were found, most of them showing signs of great physical torture.

These deaths occurred in the first 3 months of the year. In the months that followed, during the administration of the constituent assembly, provisional President Alvaro Magana and other appointed authorities, disrespect for human lives has continued. Apart from the fighting, there were 805 deaths in April, 375 in May and 355 in June. The total for the 3 months of the new authorities' activity is 1,535 dead, with no unequivocal sign of attempts to determine the responsible parties.

The country's papers have been flooded in the past few days with public letters respectfully requesting the authorities' intervention to obtain the release of some relative "who has disappeared from his home," from his place of work or from some other location.

Active members of the Christian Democratic Party [PDC], some of them municipal authorities, have been murdered, including Faustino Ramos; Evangelino Garcia and his daughter, Cristino Raimundo Perez; Roberto Callejas; Eginio Portillo; Ana Dolores Chicas; Andres Peraza; Fermin Peraza; Santos Leonidas Martinez; and Angela Ramos. Those murders have generated public protests by that party, which accused those responsible and asked the government and top officials to put an end to these abuses and arbitrary actions.

Nothing has been done to resolve the situation of over 500 political prisoners who have been remanded to military courts without being permitted to exercise their right to defense, which is being denied them by the unconstitutional Decree No 507, with its static trials and undefined legal status. Most of them have had their freedom restricted in this way for over a year.

Despite the serious economic damage done to the country by the closure and militarization of the National University, as well as the restriction of the people's right to education, the authorities have made no plans, with the required urgency, to reopen the university installations in the near future. And meanwhile, the actions against the nation's teachers have continued. Retired teacher Margot Pascacio de Lopez disappeared. Under identical circumstances, teachers Jesus Trinidad Hernandez and Jose Trinidad Galdamez Saenz also disappeared. They were all kidnapped by heavily armed men carrying their weapons openly and travelling in unlicensed vehicles that circulated freely and without problem.

An average of 40 families a month have come to our offices to report the kidnapping of some relative in the past 3 months. This same average has been reported by other humanitarian institutions. Only 19 percent are officially recognized as being under arrest. Of the rest, some have been found murdered and others remain missing. In closing, it must be noted that the regime continues to govern under a state of siege, which legalizes disrespect for freedom of speech, freedom of movement, inviolability of correspondence and freedom of assembly, while another decree, No 544 and its amendments, has annulled the right of labor organizations to negotiate wage increases with their companies.

This is the situation that we have continued to experience and endure for the past 3 months under the new rulers' administration. However, the most serious fact is that not even the slightest effort is being made to correct it. Even more serious is the fact that this situation is being justified by means of increasingly impertinent and absurd explanations and pretexts, particularly since these explanations are being given by those who, by constitutional mandate, are required to seek means of resolving this painful situation.

For example, it is said that in this situation of armed confrontation, we cannot demand that the state respect human rights; it is said that institutions that denounce human rights violations are one sided, which is to say that we do not denounce the opposition forces' excesses and attitudes.

On this subject, we must state that the legal aid office has never taken on the unconditional and absolute defense of a person claiming that his rights have been violated. We have always insisted, and we will continue to do so, that any person accused of committing a crime, no matter who he may be, should be judged in accordance with the law and in the proper courts, as would take place in a legal state in any civilized country in the world. In other words, there is no justification of the arbitrary actions of those who are holding power or of those who collaborate with them. Consequently, there is no justification for violating human rights. The law does not admit, as a cause for excluding officials from blame, the fact that private citizens, either individually or collectively, are also guilty of criminal actions.

In view of all of the foregoing, the Christian Legal Aid feels that, in the wake of the elections, there has been no improvement in respect for human rights, a situation that has led to protest from some political parties and to some judicial proceedings against some guilty persons.

The Christian Legal Aid of El Salvador, in view of these facts, requests:

1. An immediate end to all arbitrary actions, and
2. The exertion of pressure by international organizations, through all legal means at their disposal, to see an authentic legal state established in our country, one of peace and justice.

[Dated] San Salvador, 8 July 1982

[Signed] Mauricio Ernesto Rodriguez, National Executive Director, Christian Legal Aid.

CSO: 3010/1901

BRIEFS

BISHOP, OFFICIALS AT CUBAN EMBASSY--St Georges, Grenada, 9 Jul (CANA)-- Grenada's Prime Minister Maurice Bishop and other ministers of his government today visited the Cuban Embassy here to sign a book of condolences on the death of Dr Raul Roa, Cuba's foreign minister from 1959-1976. Accompanying the prime minister were members of the Political Bureau of the ruling New Jewel Movement (NJM)--cabinet ministers Bernard Coard, Selwyn Strachan, Unison Whiteman, George Louison, Hudson Austin and Kenrick Radix. They were received by Cuba's Ambassador to Grenada Julin Torres Rizo. [Excerpt] [FL092239 Bridgetown CANA in English 2145 GMT 9 Jul 82]

CSO: 3025/1120

PGT LEADER SIMON SANCHEZ INTERVIEWED IN PRAGUE

AU121257 Bratislava PRAVDA in Slovak 9 Jul 82 pp 1, 7

[Interview with Simon Sanchez, member of the leadership of the Guatemalan Party of Labor, by RUDE PRAVO staff journalist Oldrich Pospisil in Prague: "The Main Task--Unity"; date of interview not given]

[Text] "The military junta of Gen Montt which recently seized power in Guatemala promised 'restoration and democratization.' However, this time it failed to deceive the people. The struggle continues"--Comrade Simon Sanchez, member of the leadership of the Guatemalan Party of Labor (GSP), who recently paid a short visit to Prague, stressed in an interview with RUDE PRAVO's Oldrich Pospisil. Only several weeks ago he had been in his country which is ruled by a bloody military tyranny, where communists have been working underground for many years now.

"Montt's junta has even intensified its war against patriotic forces, and in only 3 months it has managed to stage even more massacres of the defenseless population than its predecessors in the preceding 6 months. Also the 'amnesty' it declared for all fighters of our patriotic forces who will lay down their weapons has failed."

[Question] A few days ago the world press reported that forces of the ruling Guatemalan junta are using bacteriological weapons against the partisans. What do you think of this shocking fact?

[Answer] To tell the truth, this is nothing new in our country. They have been doing this for some time now. Unfortunately, only fragmentary reports are coming out about the situation in Guatemala, reports that contain only a fraction of what is going on there. We do not yet have enough information channels through which we might inform the world more systematically and extensively about the atrocities being committed by the reaction in our country. For a long time it has been using napalm, fire bombs and toxic or paralyzing gasses [in] defenseless Indian villages, against women and children. The Guatemalan military regime is setting up so-called strategic villages, modelled on those formerly in Vietnam. People live there like in concentration camps, divided according to identity papers of different colors. Whoever violates the regulations is shot dead. Our country is ruled by one of the most brutal regimes in the world.

[Question] What are this regime's relations with Washington?

[Answer] Very good. Guatemala's capital was recently visited by two American congressmen who declared, after lengthy talks with representatives of the junta, that "the situation in observing human rights has improved to such a degree in Guatemala that it is possible to renew military cooperation and military supplies." The very takeover by the Montt junta dovetails with the overall strategy of the Reagan administration, which wants to fight as effectively as possible and suppress the national and social liberation movement. Reagan's strategists want to gain time in Central America and create conditions for an invasion of Nicaragua. However, first they need the support of the neighboring countries. That is why they want to suppress at all costs the partisan movement in Guatemala, the Farabundo Marti National Liberation Front in El Salvador, which already controls a great part of the country, and why they also closely cooperate with Honduran generals, supplying them with the latest weaponry. Nicaragua remains the Pentagon's main target in Central America. However, they want to have their hands free for an operation against it.

[Question] Could you briefly characterize the Guatemalan communists' current tasks?

[Answer] I think that the main, I would say crucial task of the Guatemalan communists is now to contribute to bringing about the unity of all democratic and progressive forces of our country. We favor a broad-based unity, without exclusions and discrimination. This is the only way to achieve victory. Common strategic goals must be put above different views on tactics. It is probable that before the end of this year we will succeed in establishing a patriotic front with a unified command. The Guatemalan crisis, caused by the ruling classes, simultaneously creates prerequisites for a revolution which will sooner or later bring freedom.

CSO: 2400/322

BAUXITE SECTOR REPORTS 81 ALUMINA SALES

FL081810 Bridgetown CANA in English 1636 GMT 8 Jul 82

[Text] Kingston, Jamaica, 8 Jul (CANA)--Jamaica today reported a 6.4 percent rise in its alumina shipments last year compared with 1980. It was the sharpest rise since 1974. Alumina production increased despite a 3.1 percent fall in bauxite output to 11.6 million tonnes.

The figures were given in the 1981 report of the Jamaica Bauxite Institute (JBI), which showed that Europe's purchases of Jamaica's alumina, as a percentage of total production, dipped sharply last year, but the slack was taken up by North America, with increased purchases by both the United States and Canada.

The JBI report stated that Jamaica shipped 947,000 tonnes of alumina to Europe in 1981, representing 37.2 percent of total production. This compared with nearly 1.5 million tonnes when Europe took 61.2 percent of all shipments.

All the European customers reduced their purchases of Jamaican alumina, with the most dramatic being Spain, the Soviet Union and Sweden.

In 1980 Spain purchased 229,000 tonnes or 9.5 percent of Jamaica's alumina output, but last year that fell to 17,000 or 0.7 percent.

The Soviet Union's purchase of 32,000 tonnes or 1.3 percent of production compared with the 179,000 tonnes or 7.5 percent of 1980, while Sweden's 95,000 tonnes or 4.0 percent share of 1980 dipped to 32,000 tonnes or 1.0 percent last year.

Britain remained the most important European customer. Its purchase of 511,000 tonnes was 20 percent of production, 3.5 percent below 1980's.

Norway bought 362,000 tonnes last year against 401,000 tonnes in 1980 and its share of production slipped from 16.7 to 14.2 percent.

However, North America, which in 1980 accounted for only 27.3 percent of Jamaica's alumina market with its purchase of 653,000 tonnes, last year took more than 1.1 million tonnes--43.7 percent.

In the process the United States supplanted Britain as the biggest customer, moving from 496,000 or 20.7 percent the previous year to 992,000 or 27.2 percent in 1981.

Canada's increase was more significant--its imports last year of 422,000 tonnes of Jamaica alumina gave it a 16.5 percent share against only 6.6 percent the year before when it bought 157,000 tonnes.

The JBI report did not give reasons for the relative changes in the alumina purchases during 1981. However, with the world aluminium market turning soft last year, most European countries dramatically reduced smelting capacity for two reasons: Lack of sales and high cost energy factor in aluminium smelting.

But most U.S. companies continued to produce and stockpile the metal. Since then there has been a severe cut in U.S. smelting capacity, which has forced serious reductions in Jamaica's bauxite and alumina production.

Because of its cheaper energy costs Canada was able to maintain high production last year, and even now its aluminium output, at a capacity ratio, is significantly higher than the U.S.

Venezuela, which in 1980 took 56,000 tonnes or 2.3 percent of Jamaica's alumina, increased to 147,000 tonnes or 5.8 percent, and Brazil had a first time shipment of 23,000 tonnes. This gave Latin America a 6.7 percent share of Jamaica's total production.

Shipments totalling 315,000 tonnes or 12.3 percent of output went to China, against 186,000 tonnes or 7.8 percent in 1980.

CSO: 3025/1120

PAPAL REPRESENTATIVE DISCUSSES CHURCH, POLITICS

Marxism, Capitalism Rejected

Mexico City PROCESO in Spanish 14 Jun 82 pp 6-11

[Interview with the papal representative in Mexico, Archbishop Jeronimo Prigione, by Carlos Fazio at the seat of the Apostolic Delegation on 7 June]

[Text] John Paul II's representative in Mexico, Jeronimo Prigione, has asserted that a person cannot be both a Christian and a Marxist, nor a Christian and a capitalist and he recommended that Catholics in this country employ sound judgment in choosing between the political options being offered them.

During a 2-hour interview at the seat of the Apostolic Delegation, Archbishop Prigione reasserted the absolute incompatibility between the Christian faith and Marxist philosophy, which is materialist and atheist. However, he justified the dialogue between Christians and Marxists in the search for common ground as well as cooperation for limited objectives. He said that Cardinal Ernesto Corripio Ahumada did not reject the PSUM [Unified Socialist Party of Mexico] or rule out cooperation with Marxists. He came out against any sort of Manicheanism, called for unity among believers and nonbelievers, Marxists and non-Marxists and gave a tacit indication that the secretary general of the Mexican Episcopate, Genaro Alamilla Arteaga, who came out against the PSUM and called on the country to close ranks with the Executive Branch, had been admonished.

A few days before the interview, which was held on 7 June, Monsignor Prigione had told the press, in connection with the involvement of priests in politics, which the secretary and undersecretary of government had spoken out against, that these were "isolated"

cases and that the individuals involved "have already been notified." This was the first issue discussed in PROCESO's interview with the apostolic delegate.

[Question] Who are the priests involved in these "isolated" cases and how were they notified?

Jeronimo Prigione: There are two of them, one from the diocese of Campeche who came out for PAN [National Action Party], and the other from the Texcoco diocese, who allegedly indicated that he was supporting the PSUM. In both cases, their respective bishops notified them.

[Question] When are they liable to be punished or admonished? The line here is very hazy.

JP: No it's not. When they come out for a political party. The Church wants to further unity, and partisan politics divides. But there is politics for the common good in which all citizens have a right and a duty to participate. John Paul II has reaffirmed the statements of the council concerning the fitness, right and duty of the Church to issue moral judgments on political matters whenever the defense of human rights or the good of souls is involved.

[Question] Would Cardinal Corripio's document "Christians for a Marxist Party?" be an example of such a moral judgment?

JP: No. Cardinal Corripio merely expounded the Church's doctrine on Marxism, without engaging in partisan politics or condemning anyone for doing so. That is all.

(Prigione picked up the book "Continuity and Evolution in the Church's Teachings on Communism, Socialism and Marxism" by Father Vincenzo Miano, a former member of the Vatican's Secretariat for Nonbelievers, and said: "This traces the Church's doctrinal continuity vis-a-vis Marxism and indicates its evolution regarding things in the physical world. If the doctrinal distinction is kept clear, there can be cooperation. For example, if a town has a Marxist mayor, there is nothing stopping a Catholic from coming to terms with him, while maintaining the clear-cut doctrinal distinction. In the physical world, believers and nonbelievers, Marxists and non-Marxists must cooperate for the good of the national community.")

[Question] Doesn't the document from Cardinal Corripio and his eight aides come up short as far as cooperation is concerned?

JP: No. Corripio left this aspect out because it was not pertinent. He was responding to the PSUM pamphlet. If the PSUM had not issued its pamphlet, the Church would not have issued its reply. That is all. But the cardinal is not rejecting cooperation on a private level. This aspect was not addressed. But he is not rejecting it. You are judging his position somewhat superficially.

[Question] But the PSUM proposal comes out in favor of dialogue and healthy cooperation. Aren't these aspects included in the Church's doctrine, in its evolution?

JP: Of course.

[Question] Yet Corripio's position caused the PSUM's Federal District [DF] Committee to issue a public statement on 13 May stating, among other things, that "The cardinal quotes Pius XI's comment that Marxism is 'intrinsically evil.'"

JP: No. Pius XI was talking about communism, not Marxism. And Corripio was talking about Marxism. Communism is a historic movement born of Marxism.

[Question] Even given this clarification, the spirit of the PSUM declaration is still valid. It says: "The fact is that (Corripio) is denying the advances of the Church as a whole during the 20th century and the existence of the post-council period. He is also ignoring the changes that have taken place in the Marxist movement and is employing anathemas from the days of the precouncil Church, days of monolithic Marxism, ossified under the weight of Stalinism and transformed throughout the world into a closed, one-voiced theory decreed from Moscow. The Church that is portrayed in the cardinal's statement does not reflect the diversity of today's Church, and the Marxism to which he refers does not correspond either to the communist movement today." In other words, the PSUM is clearly speaking out against Stalinism, but Corripio is talking about that stage of communism. It's as if Corripio has not evolved.

JP: I have my doubts about that (the PSUM's criticism of Stalinism), because deep down the ideological core of Marxism has not changed. If you take a look at Soviet, Yugoslav, Chinese, Latin American communism, there are shades of difference, but the ideological core has not changed. It is an immanentist and materialist view of man, the world and human history. This is the fundamental point: the incompatibility of the Christian faith and Marxist philosophy, which is materialist and atheist.

[Question] But this point is not being debated. The bishops and men of the Church (Monsignor Sergio Mendez Arceo included) who have gone on record in connection with a dialogue between Marxists and Christians have talked about cooperation and a development of this dialogue.

JP: There is continuity of doctrine. Bishops are voices in the Church, not the voice of the Church. They are isolated voices. If a bishop leaves the choir and begins singing on his own, this is not the voice of the Church, with all due respect for him. The declarations based on pontifical or episcopate documents are the voice of the Church.

[Question] Is Corripio's document the voice of the Church or a voice in the Church?

JP: It is consistent with the Church's doctrine because it is in harmony with the declarations of the pope and of the Episcopal Conferences.

[Question] Are the bishops the voice of the Church when they adhere to dogma?

JP: No. The bishops are the voice of the Church when they speak in communion with the pope.

[Question] What about the bishops in the southern Pacific region?

JP: Well, basically, what's so bad about what they said? Their latest document is very moderate.

[Question] But on some points it clashes with Cardinal Corripio's.

JP: It is another assessment of realities. They have other motivations. They are voicing a moral judgment of these realities.

[Question] But as one of the reasons for the "scandalous situation" in Mexico today, they cite that "power is in the hands of a single party." They are criticizing the PRI.

JP: This is a moral judgment of a reality.

[Question] And then there is the case of Monsignor Alamilla, who says this about Nicaragua: "Today's revolutions, which were justly initiated but which have become corrupt in the process have betrayed the people who helped to undertake them, because having broken out to topple tyrants, they have become the new tyrants" (PROCESO, No 282). The same Alamilla, along with a group of secretaries of Latin American Episcopates, speaking on behalf of CELAM [Latin American Bishops Council], said in a report on Nicaragua that "there is growing totalitarianism, mounting repression, Marxist-Leninist ideologizing, closer and closer alignment with Cuba, etc" (p 68 of the CELAM report, cited in PROCESO No 284). Are these or are these not political judgments on a country?

JP: Basically they reflect what the bishops think of Nicaragua.

[Question] So in Nicaragua the Church can talk about politics but in Mexico it can't. Is or isn't the Church engaged in politics?

JP: That's another situation. On a political level, the bishops and the Church of Nicaragua have voiced their judgment of an overall historic situation at this moment. Alamilla is reflecting what the bishops think of Nicaragua.

[Question] I don't understand how in one instance the Church can speak out politically and in another instance not.

JP: What does politically mean? If a government wants to impose Marxism in a country, the bishops have a right and a duty to enlighten the faithful and open their eyes. What kind of political judgment is this? It is a moral judgment.

[Question] Is it a moral judgment to say that Nicaragua is aligning more and more closely with Cuba, that there is Marxist-Leninist ideologizing, totalitarianism there?

JP: These are fundamental rights of the human person.

[Question] Closer alignment with Cuba?

JP: Yes, but as a result of what? This is part of an entire situation. It is not a question of engaging in partisan politics. It is a question of opening people's eyes.

[Question] There lies the contradiction.

JP: I don't see it.

[Question] For example. Last 18 May, pastoral representatives of the Cuernavaca diocese said the following in a public declaration: "Point 4. That capitalism in any of its variations should be condemned, because it can only sustain itself through man's exploitation of his fellow man, which makes it 'intrinsically evil,' because man is created in the image of God (Gen. 1:26). Point 5. That the specific injustice in our country, which has been further highlighted during these times of crisis, has not been caused by Marxism or by any Marxist-inspired party, but by capitalism, sustained and fueled by the State. 'Fear of Marxism is preventing many from confronting the oppressive reality of liberal capitalism.' (Puebla Document No 92)."

JP: The Church rejects Marxism and capitalism. But in this case it was attempting to respond to an expressly Marxist document. This does not imply that the Church approves of capitalism.

[Question] But doesn't it cause confusion when the secretary of the Mexican Episcopate, Genaro Alamilla, writes an editorial in a Mexico City newspaper in which he issues an appeal to "close ranks with the Executive Branch"? Isn't Mexico a capitalist country?

JP: I don't know whether he said that. I haven't seen it.

[Question] LA PRENSA published it on 28 April 1982.

JP: That could be. I don't remember. In any case, the important thing is that the Church is calling for unity today. Mexico needs unity; Marxists and non-Marxists should close ranks. Joint together. This is what Alamilla wanted to say. This is certainly not taking sides. He spoke of unity.

[Question] But Monsignor Alamilla did not call for unity in the sense that you are talking about: believers, nonbelievers, Marxists and non-Marxists. In his article "The Time to Close Ranks," reproduced in "Selections from the Press-DIC," published by Francisco Ramirez Meza, a member of the Episcopal Commission of Social Communication, and distributed punctually to the bishops, he says the following: "We are living in times of emergency," "Now is the time to close ranks with the Executive Branch," "Now is the time for national unity," "Let us begin rebuilding our homeland." In the following paragraph he points out: "Marxism-Leninism and all of its foul offshoots that some Mexicans are involved in are rubbing their hands in glee over our problems are fomenting unrest, violent protests (...) What they are striving for is this: to implant terrorism by every possible means."

Are these or are these not political judgments by Monsignor Alamilla? Is the bishop taking sides or not? Is Marxism the cause of the current state of affairs in Mexico?

JP: I don't have to explain what he wanted to say. The Church has taken a clear-cut stand in favor of unity.

[Question] And what about Alamilla?

JP: I am talking about the Church in general. What Alamilla says could be his own opinions.

[Question] But he is the secretary general of the Episcopate.

JP: He can write as just another citizen. He spoke out on his own. This is not necessarily the thinking of the Episcopate. He did not sign it as secretary of the Episcopal Conference.

[Question] But Alamilla is still the secretary of the Episcopate. Shouldn't he maintain consistency in his work as a pastor and in his activities as a private citizen? Otherwise, isn't he creating confusion? In speaking out on his own, doesn't the bishop deserve admonishment? Doesn't his defense of capitalism run counter to the Church's teaching?

JP: You notice that he did not repeat this. That was the only time that he said this. This means...

[Question] What does it mean? Was he admonished?

JP: I cannot tell you that. In any event, at times a person can catch on on his own.

[Question] But in 1978 Mendez Arco was publicly admonished for advocating a dialogue between Marxism and Christianity. And nothing happened, did it, in the case at hand?

JP: Well, you don't know whether nothing happened in this case. It was, in fact, the first and the last time that (Alamilla) wrote in this way. But there is no need to read into people's intentions. You can say it is the voice of the Church when the bishops speak as a group.

[Question] I can recall the statements by Monsignor Aldo del Monte, the bishop of Novara, Italy, when during the 1977 Synod he talked to the press about the letter from Enrico Berlinguer, the secretary general of the Italian Communist Party. It seems like there are two kinds of bishops. And Del Monte is no radical, as you know better than I do.

JP: No, he is not. He is a moderate. But, I repeat, these are isolated voices.

[Question] On 15 October 1977 Monsignor Del Monte expressed the "prevailing viewpoint" of the smallest Italian-language group in the synod, which included the eastern bishops, in connection with Berlinguer's letter. The group also included Cardinals Poma, president of the Italian Episcopal Conference, Benelli and Luciani, the archbishop of Turin, Ballestrero and the secretary of the conference, Luigi Maverna.

JP: And what did he say?

[Question] When a newsman from the communist paper L'UNITA asked him whether the Catholic faith and other cultures could be "complementary," according to the theory of Father Sorge, or whether they could, rather, "influence each other," as Father Arrupe contended at the synod, Del Monte said: "I prefer to talk about a dialogue among cultures, without denying what you have indicated. If the seeds of this dialogue are honest and if it is undertaken by honest individuals, then things will go well, not only for the Church but for the world as well. Seeds of truth, bits of truth exist in all cultures."

JP: Agreed.

[Question] And with regard to a Christian's attitude towards totalitarian cultures (Marxism in this case), he said: "A Christian has to be able to tell to what extent these cultures have a totalitarian ideology and to what extent they have undergone successive historical developments. And this must be done creatively, openly, not disparagingly and arrogantly but critically. A Christian must distinguish between the wheat and the chaff, not to destroy the chaff but to carefully tend to the wheat."

JP: Agreed.

[Question] It says that we should distinguish what separates us from Marxism, but "creatively, openly, not disparagingly and arrogantly but critically." What a difference between this and Alamilla's editorials! Even Cardinal Corripio's documents. There seem to be two kinds of bishops. I don't know whether it is a problem of cultural dependence and colonialism. In the European Episcopates one sees greater reflection, deeper thinking, a greater openness.

JP: But there are other participants in the dialogue too. In Italy they are different than in Mexico, than the PSUM's. We cannot make comparisons. Furthermore, each people has its idiosyncrasies. We cannot expect that Del Monte's thinking will apply to other peoples. Each has its own outlook and knows what core it has to defend to prevent destructive confusion. If we concede that there is no longer any ideological distinction between Marxism and Christianity, where are we going to wind up?

[Question] Granted, but no one is saying that there is no difference.

JP: A dialogue and cooperation in the realm of practical matters is one thing. Confusing doctrines is another. However, believers and nonbelievers, Marxists and Christians might be able to dialogue and cooperate on practical matters to keep the ship moving forward. This justifies the dialogue. Why has the dialogue intensified more and more after the council? To seek out common ground, while maintaining the distinction as to ideological core. The immanentist view of the world and of human history is at odds with the transcendent view. They are two entirely different views.

[Question] But the Church itself has evolved. It is not the same Church as in the days when it made alliances with the Nazis and Fascists, with Hitler and Mussolini, because it was within this framework that Pius XI issued his encyclical "Divini Redemptoris" on communism.

JP: I wouldn't say that there was an alliance with the Nazis. Pius XI's encyclical "Mit Brennender Sorge" was an open condemnation. And when Hitler arrived in Rome in 1936, Pius XI went to Castelgandolfo and said the following: "I have left Rome because on its walls today there is a cross that is not the cross of Christ." He was referring to the swastika. It is not true that there was a pact with the Nazis.

[Question] Yet Eugenio Pacelli, his secretary of state and later Pius XII, wrote a letter that is preventing him from being beautified. On 30 April 1937 Pacelli wrote to Hitler's ambassador to the Vatican, Von Bergen, that the Holy See did not deny "the far-reaching importance of forming a politically alive and intrinsically strengthening front against the danger of atheist Bolshevism."

JP: Pius XII had not yet become pope. But if we look at Pius XI's encyclical on Naziism, it is a clear condemnation.

[Question] But the pope did not condemn the Nazi concentration camps, for example.

JP: I don't think that they were known about at the time. The camps came later, in 1938. Pius XI was a sworn enemy of Naziism. Moreover, Pacelli's (Pius XII) position was a question of method. He never accepted Naziism but he felt that perhaps opposing it head on would have made the situation worse for Catholics because they would be persecuted more. You have to go back to the historical moment when the events took place.

[Question] Well, but in 1937 Pacelli specifically proposed an alliance with the Nazis against "the danger of atheist Bolshevism."

JP: Because at that moment it was perhaps more urgent to confront Bolshevism or, shall we say, Stalinism, because it was more of a threat, even though Naziism later showed itself to be more dangerous. At times one must choose between two evils.

[Question] This is a clear example of political involvement by the Church. And in Mexico there is a lot of talk about the "political clergy," about "the Church in politics."

JP: But what is politics? It is a very vague word. Like an empty can. It depends what you put in it. Like socialism. What is socialism? It's an empty can. There are as many kinds of socialism as you want.

[Question] You have spoken to the press about a "watered down Marxism" or a "diluted Marxism." What scope do these definitions have?

JP: Some persons look at only one aspect of Marxism. We are talking about a comprehensive, orthodox Marxism. If you look only at Marxist analysis, then Marxism is no longer a whole. The pope said that Marxist analysis could be a tool for assessing reality, but it is insufficient. When I say that Marxism is incompatible, I am not talking about Marxist analysis. I am talking about Marxism. Though there could be a partial Marxism. But that's something else. This is why I say that a person cannot be a consistent Marxist and a Christian at the same time.

(Prigione read the conclusions of Father Miano's book, in which he highlights the total incompatibility of the Christian faith and materialist and atheist Marxist philosophy, as well as the transition "from anathema to dialogue." He then read the following: "But the Marxist world has also undergone evolution, which has taken several directions. The distinction made by John XXIII between false doctrines and historic movements is certainly justified, although in many cases it is difficult to voice judgment on the actual path taken by certain movements, and keen discernment is necessary.")

(He then commented: "We have to make a very clear distinction between false doctrine and historic movement. The communist movement is a historic movement that stems from a false doctrine, Marxism. But it can contain shades of difference and it can evolve or regress too.")

[Question] It is a question, then, of taking a discerning approach, is it not?

JP: Yes. We condemn Marxism as a core doctrine because to us it is false. But we do not condemn the historic movement. The purpose of the dialogue is to shed light on common ground rather than on points of division, without confusing doctrines.

[Question] Don't you think that Cardinal Corripio's document is a rejection of the PSUM?

JP: I don't think so. He only indicated points of doctrine. Each person should draw his own conclusions. Each person has the right to discern. Corripio did not engage in partisan controversy. As men of the Church we must see true good, without Manicheanisms, the good on one side, the evil on the other.

[Question] Can a person be a socialist and a Christian in Poland?

JP: If socialist means Marxist, as I would assume, you would have to ask Lech Walesa and the Polish bishops whether a person could be a Marxist and a Christian in Poland. They could give you an answer based on their painful experience.

[Question] And what about in Mexico? Can a person be a Christian and a capitalist?

JP: No. But capitalism in what sense?

[Question] The Church condemns capitalism as a whole. It does not distinguish between all-out capitalism and other good types of capitalism, as Monsignor Alamilla does.

JP: The Church denounces exploitative capitalism.

[Question] Is there nonexploitative capitalism?

JP: There is liberal capitalism and State capitalism. Both are evils that we denounce.

[Question] In conclusion, then, a person cannot be a Christian and a capitalist?

JP: In the exploitative sense we are talking about, no. As always, we must avoid extremes. The problem is reconciling human freedom with justice, and so far no system has achieved this. If it seeks to impose justice by force, it violates freedom; if it seeks to provide total freedom, it could violate justice.

[Question] So then, we are agreed that a person cannot be a Christian and a Marxist or a Christian and a capitalist?

JP: Agreed.

[Question] The constant in Latin America is capitalist systems of extreme exploitation, and yet the Church rarely raises its voice to say: "You cannot be a Christian and a capitalist."

JP: On the other hand, isn't there also State capitalism, which at times could be worse? These are the extremes. Both liberal capitalism and State capitalism are reprehensible. But in spite of everything, mankind continues moving forward. I am an optimist. Man is progressing towards the omega. Two steps backward, one step forward.

[Question] So what is Mexico's option then? Are we to conclude that everything in politics is reprehensible?

The answer remains up in the air. Archbishop Prigione mentions reasons stemming from the Church-State relationship and then falls silent. Will the tired recourse of choosing the lesser of two evils apply in this case too?

Statement by PSUM's Gomez

Mexico City PROCESO in Spanish 14 Jun 82 p 9

[Article by Oscar Hinojosa]

]Text] It would make no sense and do no good to establish diplomatic relations between Mexico and the Vatican. The only likely consequence would be persecution of progressive priests, under the pretext that they owe obedience to a foreign chief of state, contended Pablo Gomez, the secretary general of the PSUM, in a declaration.

It is only "for reasons of historic tradition" that many nations maintain diplomatic ties with the Holy See, which, strictly speaking, is not a State, added Gomez, who is one of the PSUM leaders who since the breakup of the PCM [Mexican Communist Party] has advocated the partial restitution of the political rights of Mexican priests.

The "historic tradition" that has led several governments to recognize papal representatives as diplomatic representatives has been reversed in Mexico, where the papal nuncio or delegate does not have the status of an envoy from a foreign State. And this is fine as it stands.

In contrast, "if Mexico were to recognize the Vatican as a State and resume diplomatic relations, people could argue (regardless of how absurd it sounds) that priests owe allegiance to a foreign chief of state, which would serve as a pretext for persecuting them and preventing them from exercising rights which, although the constitution does not expressly stipulate them, they are exercising in practice and to an increasing extent. So, it's better that there be no relations," the socialist leader stated.

Gomez feels that Article 130 of the constitution should maintain the ban on the Church, as an institution, from participating in political activities but should allow individual priests to exercise political rights like any other citizen. He does, however, support the constitutional

provision prohibiting priests from receiving personal inheritances or donations, an issue that he sees as a corollary to the fact that Church real estate is the patrimony of the nation.

Even though the now defunct PCM energetically defended the rights of priests, it is highly unlikely that the PSUM will adopt this principle in the near term. Pablo Gomez himself is skeptical about this, inasmuch as "we have to watch out for our own unity process and not turn this issue into the focus of insurmountable differences."

However, he trusts that as members of the PSUM "we will analyze this issue in depth and realize that all priests are engaged in politics and that it is not good for us if the priests who agree with PRI are the ones who are free to engage in politics while those who agree with the Left and the PSUM are always being persecuted by the government, by the Church hierarchy and by the small, untimely extremist groups."

He argued that in light of this situation the PSUM has to make realistic proposals, based on the fact that denying priests their political rights is not in keeping with the principles of socialism. "As long as they do not become part of a struggle against socialism, priests enjoy full rights in most socialist countries and even hold seats in parliament in some of them."

One of the most important political leaders in the defunct PCM (which came out in favor of John Paul II's visit), Gomez asserted that the visit by the head of the Catholic Church "did not affect the secular nature of the Mexican State or the separation of Church and State."

He conceded, however, that the government "took political advantage of it by portraying itself to a predominantly Catholic population as a government that is not opposed to religious freedom. And the fact is that religious intolerance and persecution have come from the most PRI-dominated administrations. Even at present many people in government hold these views."

It was not by chance, he said, that Karol Wojtyla visited Mexico on the eve of an election campaign and under the auspices of a PRI president, so much so, in fact, that "many Catholic organizations and many priests thanked the president for having made his visit possible."

8743

CSO: 3010/1779

BISHOP MENDEZ ARCEO ON MARXISM-CHRISTIANITY DEBATE

Mexico City UNOMASUNO in Spanish 24 May 82 p 1

[Text] Cuernavaca, Mor., 23 May--The Bishop of Cuernavaca, Sergio Mendez Arceo, said today that the subject of Marxism-Christianity has been diverted toward a conflict between Church and State, "though saying that there is no such conflict." He said that the Ronald Reagan administration bases its international policy on the prospect of an East-West conflict and refuses to face reality.

The following is the text of his statement:

"Much space in the newspapers has been given to documents prepared by the cardinal-archbishop of Mexico (Ernesto Corripio Ahumada) and by the Unified Socialist Party of Mexico. Although attention has already been diverted from them, perhaps it is not yet time to make an evaluation."

"For the present, one must regret that, as in similar cases, attention is always diverted toward the institutional conflict between Church and State though saying that there is no such conflict. On the contrary, it is a buoy which is never submerged either in reality or in the confusion of public opinion. Very few have gone into the subject in depth and I consider it noteworthy that anticommunism has been manifested only by its well-known spokesmen."

"I also want to insist that the subject of Marxism-Christianity is not limited to Mexico or Latin America.

"The United States, especially under the Reagan administration, bases its international policy on an East-West confrontation without taking into account what many of its citizens perceive: that revolutionary movements on the continent and now in Central America are the product of poverty, of borderline existence, of repression of the masses and of subjugation under dictators and oligarchies supported by imperialism.

"In the same manner CELAM, the Latin American Council of Bishops, and many episcopal conferences, as a matter of policy distrust all actions for liberation and fear and suspect that Marxist ideas to which those actions are universally attributed, although such ideas are in part involved.

"The Mexican press is now receiving from the international press reports on the denunciation by CELAM of the Pax Christi report on Central America, which is limited to Nicaragua, and is setting up in opposition to it a report by five secretaries of the episopal conferences. The latter is markedly anti-Marxist.

"This is also the case of Eden Pastora, counterbalanced by other observations but taken up by the counterrevolutionary forces primarily because of his anti-Marxism. In this way they play the game of American imperialism.

"The Marxist speech and inspiration of some or many of the revolutionaries is not necessarily pro-Soviet although it may not be anti-Soviet. The communist parties themselves have broken their ties with the geopolitics of the USSR.

"World attention is now focused on the conflict over the Malvinas Islands. As Christians we can understand the Pope's indecisiveness regarding the trip to the United Kingdom. I think it would be very desirable for the Pope not to cancel his trip. English authorities have expressed their willingness to reduce official ceremonies; these could all be cancelled so that the pastoral aspect of the Pope's visit to the English churches might shine out more brightly.

"I have read that an Argentine cardinal has suggested that to even things out the Pope should go to Argentina. I would say that this is not necessary, or in any event, that the procedure should be the same: elimination of all official ceremonies so that it should not seem like an endorsement of the Argentine military regime which, even though it may want to show signs of change with, for example, the freeing of Juan Manuel Abal Medina, cannot erase even the individual injustice to the prisoner in the Mexican Embassy in Buenos Aires nor the international offense of our nation, much less all the crimes, tortures, missing persons, and the subjugation and exploitation of the people.

"Finally, let us direct our attention to this state of Morelos. May the daring and strange decision of the governor to request that the officials continue in office so that the administration not remain without personnel, be fruitful. This is how we bishops are used to proceeding.

"We should also watch and hope that the government of Morelos will strictly abide by its commitments regarding ownership of the land and its cultivation as well as those regarding the integrity of persons on the part of the police and judicial authorities."

9204

CSO: 8148/1440

CUERNAVACA BISHOP MENTIONS MISSING PERSONS

Mexico City UNOMASUNO in Spanish 14 Jun 82 p 7

[Text] Cuernavaca, Morelos, 13 June--More than 500 persons have disappeared in Mexico for political reasons, and their families are not receiving the solidarity of other nations because of the liberal foreign policy that the government is pursuing, the bishop of this city, Sergio Mendez Arceo, said in his homily.

The following is the text of the homily:

"Brothers and sisters, let us bear witness and seek out our brother and find Jesus in him or seek Jesus in our brother, so that we fulfill Chapter 24 of Saint Matthew, in which Jesus says: I was hungry and you gave me to eat; I was thirsty and you gave me to drink. But Lord, when did we see you hungry or thirsty or in prison (and now I am going to add the following) or missing and did not help you? Insofar as you neglected to do this to the least of my brethren, you neglected to do it to me.

"I added a word that does not appear in the Gospels: the missing. There are more or less 500 persons in the republic who have disappeared in one way or another and about whom nothing is known. The authorities are not accounting for them.

"This comes very much to my mind because the pope was just in Buenos Aires. Each week there, come rain, shine or anything else, the mothers of the missing persons gather to demand that their sons, or their brothers, husbands or fathers, come back to them. They are called the "Crazed Women of the Plaza de Mayo [Las Locas de la Plaza de Mayo], because many demonstrations are staged in the Plaza de Mayo. When the Pope was there the police reportedly did everything to safeguard him and under this pretext prevented him from seeing the signs and hearing the cries of these women.

"There are mothers of missing persons all over, and this is a form of torturing the missing person and his family.

"There are missing persons in Mexico too, but with Mexico's foreign policy reputation, often not even the families of missing persons here have the solidarity of groups in other nations, because Mexico is supposedly different.

"Now then, brothers and sisters, I want to express to you my pain and indignation over President Reagan's insult to the pope during his speech at a public audience. Once before the Vatican had to contradict Reagan when he said that the pope was in agreement with the repressive measures against the Polish Government.

"This time he dared to ask him: Your Holiness, one of the areas of our mutual concern is Latin America. We want to work closely with the Church in this region to promote peace and social justice and to prevent tyranny and atheistic reforms and repression from spreading.

"In cabling back these remarks, the correspondent of a Mexican paper commented: John Paul II remained silent to the request. No, the pope did not remain silent. He responded by remaining silent on this and many other issues. He did not refer to what Reagan said.

"I think it was insolent of Reagan to ask the pope to intervene in Nicaragua, El Salvador and Honduras. Rather than the Senate, it was Christians not in common cause who have defended Reagan. Or else they want the pope to throw the weight of his authority against the Christians who are committed to the liberation of their countries.

"The pope did not even take notice of him, just as he did not take notice of him in his endeavor to share common experiences. As far as Poland was concerned, about which Reagan spoke in such detail, the pope did not even mention it.

"The pope did not say that Reagan's pilgrimage was a pilgrimage of peace, a journey aimed at strengthening the forces of peace in the West. Nor did the pope extol the United States as a nation of faith, blessed by God, although he had very generous things to say about its people.

"Reagan spoke only of Poland and Lebanon; the pope mentioned the Malvinas, Iraq, Iran and Lebanon. The pope expects the United States to help others, not to create fear with the excessive, unrivaled arms buildup of a Reagan."

8743

CSO: 3010/1779

GOVERNMENT WITHDRAWS ADVERTISING FROM 'PROCESO'

Galindo Ochoa Claims Responsibility

Mexico City PROCESO in Spanish 31 May 82 p 18-19

[Article by Carlos Marin]

[Text] The president's coordinator general of the communications media, Francisco Galindo Ochoa, has made five charges against PROCESO: this weekly magazine, he said, is disrespectful, ill-intentioned, subjective, insulting and negative. For that reason, "I myself have ordered the cancellation of advertising in the magazine PROCESO." He added:

"It was not the president, but I, who suspended advertising in that magazine, since no news medium can be supported with advertising if it does not show respect for members of the government."

Galindo Ochoa made these statements to local newsmen from Veracruz. EL DIARIO DE XALAPA, on the front page of its Wednesday, 26 May edition, reproduced the story by reporter Alfredo Rios Hernandez.

When Francisco Galindo Ochoa was questioned as to whether criticizing the government indicates lack of respect for the president, the presidential news co-ordinator replied: "Criticism is welcome when it is objective, since criticism is not lack of respect; I refer to insulting statements or clear bad faith in the commentaries."

Galindo Ochoa explained his logic while the president of the republic, along with Governor Agustin Acosta Langunes and Defense Secretary Felix Galvan Lopez, was dedicating the installations of the 63d Infantry Battalion in Emiliano Zapata Municipality.

Rios Hernandez says that Galindo Ochoa had abundant praise for journalistic criticism, pointing out that when it "is done objectively," it has positive results for the country's development, and he said that in his 40 years of dedication to newspaper work there has never been a single "comrade or colleague" who can accuse him of being against freedom of expression or clean journalism. "There is freedom of expression in Mexico," he said. "Any newspaper may publish what it wishes; but we cannot ignore the fact the newspapers are a business and that the government has no obligation to advertise with and much less to support anyone who is doing business while at the same time showing lack of respect with criticism and insulting attacks on the president."

The news coordinator asserted that "we all know what an insult is, and under no system, be it communist, Eastern or Western, does any government support newspaper businesses which see that government entirely in a bad light."

The text published by DIARIO DE XALAPA states:

"The presidential news coordinator, giving an example of what is meant by a criticism is bad faith, said: 'One day I said to Julio Scherer, look, if some day the president leaves his house driving his car and accidentally hits someone, or a hundred or a thousand people, you are going to write in your magazine: The president, driving his car at an excessive rate of speed, saw one of his enemies crossing the street and ran him down.... That is the position you would take.'"

It continues:

"When asked about charges to the effect that certain men close to the presidency had a plan to undermine freedom of the press and strangle the independent newspapers, Galindo Ochoa said:

"Your references to those men are only an accusation against me. I am the one being accused, but no newspaper has been subjected to this type of pressure, no communications media, and my career is free of this type of thing. Do not allow yourselves to be carried away by rumors, because they are rumors and nothing more."

Galindo Ochoa also said that the paper importing and producing enterprise does not withhold its produce from "anyone who pays for it. I am a member of the PIPSA [paper importing and producing enterprise] administrative board, and all the newspapers, absolutely all of them, receive their paper!"

'PROCESO' Editorial Response

Mexico City PROCESO in Spanish 31 May 82 pp 6-7

[Text] As a result of the advertising boycott against PROCESO decreed and orchestrated since the latter half of April by Francisco Galindo Ochoa, head of the general communications coordinating office of the presidency of the republic, the News and Information Company, S.A., of Veracruz, publisher of our weekly magazine and owner of the news agency CISA-PROCESO, has been forced to close that agency in order to save the business and allow the weekly PROCESO to continue without interruption its function as a news magazine.

The closing of the news agency, which for 5 years and 10 months has supplied news to about 50 broadcasting stations and newspapers throughout the country, also involves the unfortunate dismissal of 28 percent of the support personnel in the news and administrative areas of CISA. This staff reduction has begun already, with strict adherence to labor legislation requirements and with the profound regret of all the workers in this medium over the forced layoff of a well-loved group of fellow-workers of proven efficiency.

The history of the boycott against PROCESO is as brief as it is intense. It began in April, 2 months after Galindo Ochoa replaced Luis Javier Solana, becoming the fifth chief--during the current 6-year administration--of the office in charge of relations between the president of the republic and the national and foreign press.

In its early stages, Galindo Ochoa's hostility toward PROCESO was not limited to calling editors, managers, public relations directors and those general responsible for handling news from government agencies--including state governments--to order them to cancel, on the spot, any advertisement, order for insertion or advertising contract with our magazine. In fact, the president's press coordinator began his hostile attitude by trying to hinder the work of some of our reporters.

Thus on 19 April Manuel Robles Estrada, who usually covers the activities of the presidency of the republic, was omitted from the group of reporters who were to accompany Jose Lopez Portillo on a working tour of the state of Veracruz. Suddenly, minutes before he was to board the plane, an employee of the Office of Information Coordination of the presidency refused accreditation to the reporter. When Robles demanded an explanation from Roberto Contreras, head of the press section of the Coordination Office, Contreras informed him that he had express orders from Galindo Ochoa "not to invite PROCESO to accompany presidential tours." Roberto Contreras cited vague reasons: It seems that some of the cartoons in PROCESO had greatly irritated Mr Galindo; it appears that he feels they ridicule the president....

Although Robles finished by covering the news at Los Pinos, from that date on he has been excluded from all presidential tours, always on orders from Galindo Ochoa. He did not accompany the newsmen when the president inaugurated the public works projects in Puebla and Tlaxcala, nor to the ceremonies commemorating the battle of Puebla, nor on the working visit to Sonora, nor to the dedication of the projects in Cutzamala. And so on.

Manuel Robles was not the only PROCESO reporter prevented by Galindo Ochoa from carrying out his function. On the same date, 19 April, Maria Cortina and Sonia Morales were also excluded from the group of newsmen invited to cover the 10th Cervantes Festival in Guanajuato.

With their accreditation already in his hands and our reporters all ready for the trip, Alejandro Cuadros, press chief for the festival, telephoned the CISA-PROCESO news bureau chief, Ignacio Ramirez, to tell him that PROCESO's invitation to attend the event was being withdrawn on orders of Galindo Ochoa. Cuadros blamed the withdrawal on budget restrictions caused by the devaluation of the peso.

Surprised by the action--because in the 5 years of existence of PROCESO and the news agency this is the first time a presidential news chief had obstructed the news in this manner--our editor, Julio Scherer Garcia, phoned Galindo Ochoa demanding an explanation.

Galindo admitted on the telephone his complete responsibility for the measures taken against our reporters. He also said that the reprisals were in response to his deep conviction that PROCESO was lacking in respect for the president and was hurting the country. That is what he said.

When Scherer Garcia asked if that impression was caused by the cartoons of Rius and Naranjo--who are weekly contributors to PROCESO--the official replied:

"It is for everything."

Then he announced that the government would withdraw all its advertising from the weekly magazine.

It is my responsibility, he said again, and finished by saying, "No way."

Galindo Ochoa carried out his announcement quickly and in writings, and this very week he began to orchestrate the boycott.

Advertising has been thus withdrawn, gradually but consistently, by CREA, Radio Educacion, the Cervantes Festival, BANRURAL [Rural Credit National Bank], PRONASE [National Seed Producers Organization], RTC, Channel 13, FONAPAS, INBA, the Secretariat of Public Education, the National Polytechnic Institute, The Workers Trust for Tourism, the Colegio de Bachilleres, CINETECA, the Federal Electric Power Commission, the Secretariat of Agriculture and Water Resources, the ISSSTE [Institute of Social Security and Services for Government Workers], CONACYT [National Council for Science and Technology], CONASUPO [Government Basic Commodities Company] and the Secretariat of Programming and Budget.

In some cases the cancellation was made in writing, citing a similar reason: "reduction in public expenditures."

Three orders for advertising were withdrawn in these terms by the Rural Credit Bank over the signature of its manager, Angel Torres Pereyra.

The same reasons were given in writing by Lazaro Villagran Reynoso, news media coordinator for the International Cervantes Festival--"we do not have the money in our budget to pay for the advertisements ordered for 26 April and 3 May," Villagran wrote--and the office of information and public relations of the National Seed Producers Organization of the Secretariat of Agriculture and Water Resources.

Adolfo Monroy Zorrivas, of FONAPAS, was more curt: "I am requesting herewith the cancellation of our order for an advertisement dated Monday, 10 May 1982." Period.

Channel 13, with which PROCESO had signed a contract for the exchange of new which at the time of cancellation was favorable to the state channel, also requested, in writing, the temporary suspension of its advertising, saying, however, that the measure was being taken "because we are changing our news concept and image."

RTC immediately expanded the measure to include all its enterprises. On the letterhead of the Secretariat of Government Carlos de Landero Molina, director of Presidential news distribution, information and public relations of the RTC, sent our advertising director the following written notice:

"I wish to inform you respectfully that by decision of the General Directorate of the RTC, we are cancelling as of this date (27 April 1982) any and all advertising which we had previously placed with the magazine PROCESO, and we will not be responsible for any notices published in your magazine, either in textual or display form, concerning the RTC or any of its agencies and affiliated enterprises.

"Without further comment, I am...."

A note at the bottom of the letter indicated that copies has been set to Margarita Lopez-Portillo and to Francisco Galindo Ochoa.

Except for those examples of a formal break, most of the cancellations of advertising with PROCESO were made either by telephone or in person. The heads of the government offices involved admitted in almost every case that the decision was the result of a flat order from Francisco Galindo Ochoa.

Those who did not admit this or any other cause opted to remain silent and to turn a deaf ear to telephone calls from our advertising staff. This was the case, for example, with the Department of the Federal District, the ISSSTE, CONACYT, CONASUPO and the Secretariat of Programming and Budget.

The PRI [Institutional Revolutionary Party] also withdrew.

In his boycott against PROCESO, Galindo Ochoa has not been satisfied with preventing government offices and agencies from advertising: from the Secretariat of Public Education, for example, which took out a full-page advertisement almost every week, to the publishing house of the Fund for Economic Culture, which had a third of a page every 2 weeks. His action has extended to the state governments with a surprising efficiency and power of conviction, considering the status of free and sovereign states guaranteed by the constitution to these federated entities.

Thus it was that the government of Michoacan cancelled on 21 April the advertising it had authorized on 20 April, and that the governments of Hidalgo, Mexico, Puebla and Tlaxcala also cancelled out--citing lack of budgetary funds as the reason.

Other agencies' advertising staff members offered no explanations, but the abrupt and almost simultaneous withdrawal of all of those agencies--with the sporadic exception of a few towns and municipal governments--confirmed the existence and the success of the boycott decreed by the head of the General Coordinating Office of the Communications Media of the presidency of the republic.

Certainly Francisco Galindo Ochoa's drastic measure is hurting CISA's business, but of course it is not getting rid of the weekly magazine PROCESO.

After 5 weeks of the boycott and once this critical circumstance was evaluated calmly, the members of CISA's governing board decided to save PROCESO, fully convinced that the weekly's presence in the country's public life involves the exercise of a right and the providing of a service to the community.

Since the firm's current situation did not permit the achievement of this purpose without suffering some loss, it was decided to close the CISA-PROCESO agency, with the resulting reduction in our staff.

Founded on 2 August 1976--23 days after the measures taken by Luis Echeverria's government against EXCELSIOR--the news agency represented a first, definitive step toward the creation of PROCESO. From that time on, for 5 years and 10 months, it has provided new services to more than 50 subscribers in the interior of the republic, including several broadcasting stations and well-established newspapers such as EL DICTAMEN of Veracruz, LA OPINION of Torreon, and EL PORVENIR of Monterrey.

A training ground for reporters, an independent space in which to exercise their profession, the agency allowed PROCESO to emphasize a journalistic presence, to broaden its news channels and to delve into matters of public interest with the timeliness which has characterized our weekly. Its closing, under the circumstances described, is a harsh blow to workers, participants and subscribers and particularly damages, irremediably, the structure of the national journalistic media.

However, it permits--it guarantees, as a propitiatory act--the uninterrupted existence of PROCESO.

With the same number of pages, the same professional rigor and the same willingness to serve, PROCESO is, today more than ever, supported by its readers, subscribers and faithful advertisers, because its continued publication is made possible by them.

PROCESO continues. Its journalistic line remains unchangeable.

8735

CSO: 3010/1745

NOTE ON 10 'EMINENT AMBASSADORS'

Mexico City PROCESO in Spanish 24 May 82 pp 18-19

[Article by Jose Reveles]

[Text] The naming of 10 "eminent ambassadors" has been kept very secret by the Secretariat of Foreign Relations. This concerns one of the sinecures contained in the new Organic Law of the Mexican Foreign Service, which took effect last month.

According to article 27 of this new regulation--which eliminates the extraordinary and plenipotentiary character of ambassadors, which no longer requires the retirement of ambassadors and consuls general at 65 years of age and broadens the powers of the SRE [Secretariat of Foreign Relations], removing them from the chief executive--, "there will be a maximum of 10 positions as 'eminent ambassador.'"

Candidates for the position must have "a minimum of 10 years seniority as ambassador and must have held posts higher than that of director general in the Secretariat of Foreign Relations or carried out important missions in foreign countries."

The carefully selected list includes:

Alfonso de Rozensweig Diaz, assistant secretary, who has never been assigned to any embassy outside the country; Roberto de Rozensweig Azpeitia, his brother, ambassador in Vienna, who has also been assigned to Holland, Germany and the United Nations, among others; the father of both was Porfirio Diaz's ambassador to Guatemala.

Jose Juan de Olloqui, brother-in-law of Roberto de Rozensweig and former Mexican ambassador in London and in Washington. He announced his designation to his first post after a meeting with President Lopez Portillo even before England's approval has been obtained.

Emilio Calderon Puig, ambassador to Argentina, whose absence of more than 5 months from his post in Buenos Aires held up the departure of Peronist leader Juan Manuel Abal Medina, who had been given asylum there more than 6 years ago. A few weeks ago, on returning to Argentina, Calderon Puig asserted that Mexico "had not made any efforts" to obtain safe conduct for the refugee, and on Thursday, the 20th, it was given to him by the military government.

Ismael Moreno Pino has been ambassador in Chile, Venezuela and Geneva. In the last-named country, along with Manuel Bartlett, he had to ask that the embassy be turned over to the then ambassador, Antonio Gonzalez de Leon: this was in Foreign Minister Santiago Roel's time, 1977. Moreno Pino remained as ambassador when Gonzalez de Leon was removed. The latter is now director of multilateral affairs.

Eusebio de Icaza, who has been ambassador to Brazil: his brother, Carlos, is director general of the foreign service. Both are sons of Antonio de Icaza, former Mexican ambassador to Argentina.

Luis Weckman Munoz, who has served as ambassador in many places, such as Iran, now holds that post in Rome, where he replaced Augusto Gomez Villanueva. Before that he was alternate for Porfirio Munoz Ledo at the United Nations. A police scandal in which he was involved forced his transfer.

Ernesto Madero, first cousin to the National Action Party's presidential candidate, has been ambassador to Cuba and Algeria and is now in Yugoslavia.

Antonio Gomez Robledo, former ambassador to Brazil, adviser to the Secretariat of Foreign Relations.

Francisco Cuevas Cancino, who holds the record of four missions in 4 years: the consulate general in Paris, the United Nations, where he replaced Roberto de Rozensweig; Brazil after Roel left the Foreign Office, and then to Belgium. There are some ambassadors whose records are sufficient for them to aspire to "eminency," such as Carlos Gonzalez Parrodi, director of ceremony; Alfonso Castro Valle, who until a short time ago was ambassador to Sweden; Joaquin Bernal and the undersecretary for multilateral affairs, Manuel Tello Macias, among others, who were not named.

But the organic law also provides for "ambassadors emeriti," of which there can be no more than five. There are already four: Rafael de la Colina, permanent ambassador to the OAS, and former foreign ministers Antonio Carrillo Flores, Alfonso Garcia Robles and Luis Padilla Nervo.

The law requires for this "honor"--for that is what it is called--that the candidate "be an ambassador, retired or on active service, who has devoted at least 25 years to the Mexican Foreign Service... a) through his written works on international subjects or for having rendered other outstanding services in the field of Mexican international relations, or b) through having been an official of the Mexican Foreign Service for at least 10 years and having held the post of secretary of foreign relations. Ambassadors emeriti will receive compensation fixed by the expenditures budget of the federation."

As yet unnamed is the fifth and last ambassador emeritus, who very probably will be the present foreign minister, Jorge Castaneda.

8735

CSO: 3010/1745

FOREIGN AID SOUGHT TO COUNTER ECONOMIC WOES

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
8 Jun 82 p 2

[Article: "Suriname Seeks Foreign Capital/ Unclear Economic and Political Situation/ Present Foreign Trade Deficit"]

[Text] Paramaribo, 7 June--After the failed coup d'etat, Suriname's economic situation has deteriorated further. In the interim, the Dutch Government temporarily halted its annual subsidy, since there is no responsible government in the former colony. Until now, this aid amounted to as much as 20 percent of the annual budget. In the meantime, the military has appointed moderate Henri Neyhorst as prime minister and minister of finance. It was hoped that this would appease the mother country, but the Dutch have not yet softened. To close this financial gap, Suriname has attempted to get credit from Western countries as well as from Cuba and Eastern bloc countries, but so far to no avail.

Due to less demand for aluminum on the world market, Suriname's bauxite production fell in 1981 to 3.6 million tons (previous year 4.5 million). Prospects for the current year have not improved since Billiton, a Shell subsidiary, had to cut production further after annulment of the U.S. Ormet agreement. During the first 9 months of the previous year, Suriname foreign trade showed a deficit of \$27.6 million, with exports of \$350.6 million and imports of \$379.2 million. Primary export goods were aluminum oxide, bauxite and aluminum. For the entire year of 1980, Suriname still showed a foreign trade surplus of \$60.4 million. In 1981, the United States was again their major trading partner. Suriname exported goods worth \$179.8 (108.7) million to the United States and imported goods worth \$136.7 (133.9) million. Other important supplier countries were Trinidad and Tobago, Holland and Japan.

In the meantime, the government has instituted import restrictions, and at the same time Suriname is trying to attract Swiss economic consultants. The International Monetary Fund recently sent a delegation to Paramaribo but there were no positive results because of a lack of reliable data. According to IMF estimates, in 1980 Suriname had a population of only 385,000 in an area of 163,265 km². In the same year, per capita income amounted to \$2,484, and the balance of payments in 1980 still showed a surplus of \$24 million.

Even before the coup, exploratory drilling by the Gulf Oil Company had discovered an oilfield at a depth of 300 meters; but to date it is uncertain how large this potential is. After the loss of economic aid from the Netherlands, only the first phase of the Kalabebo hydroelectric power station, with a capacity of 40 million watts, can be built at present. The total project, closely linked to the bauxite industry, was to have a capacity of 300 million watts.

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